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№ 36 SEPTEMBER 1992

NEW TIMES

INTERNATIONAL

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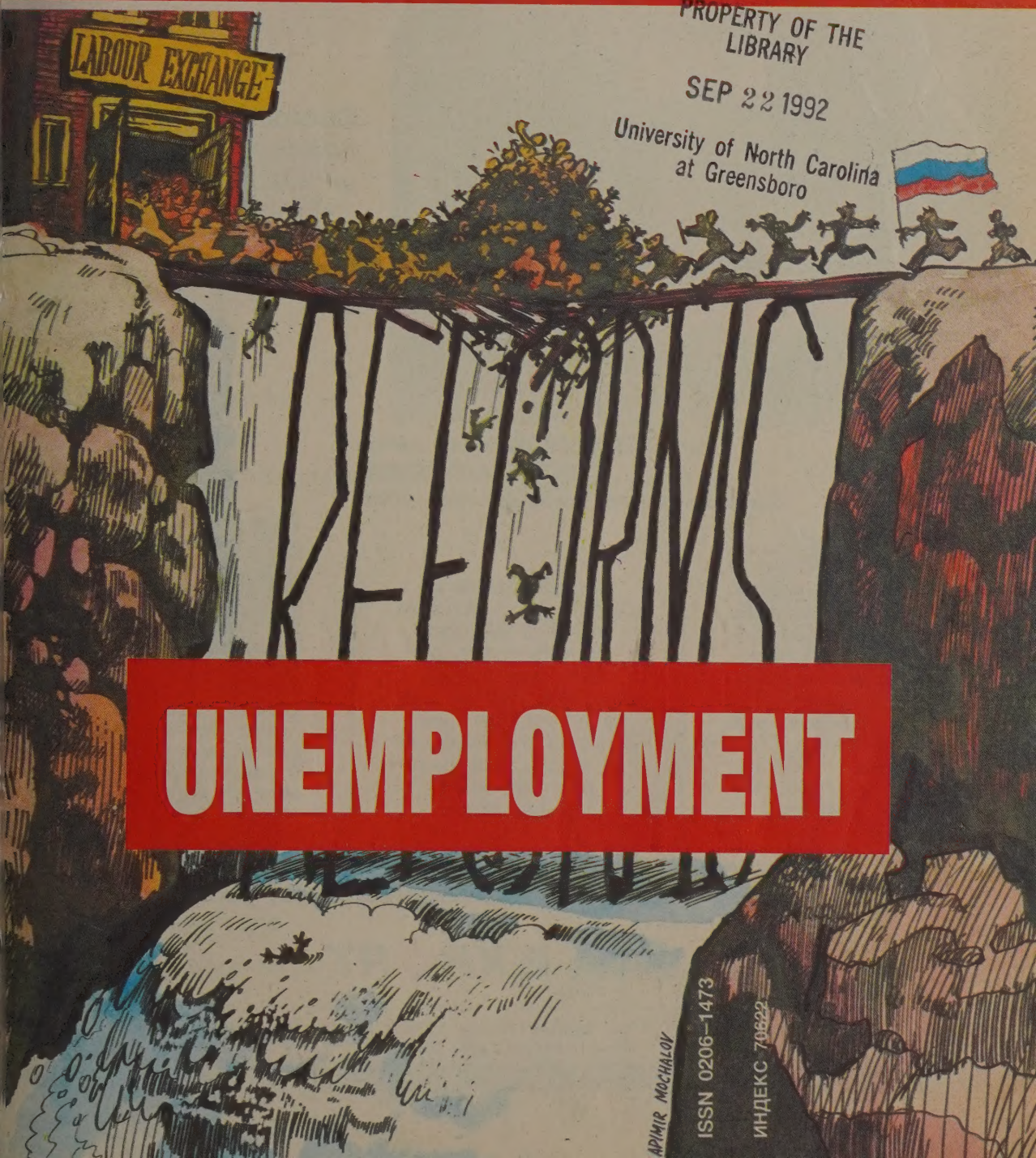

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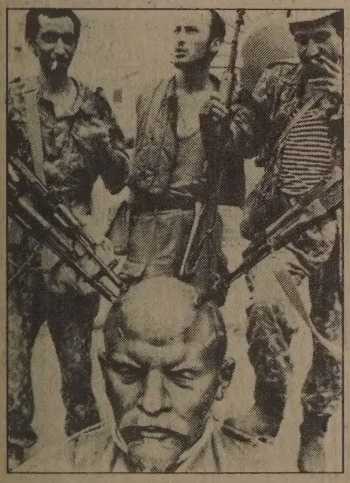

Georgian guards having fun

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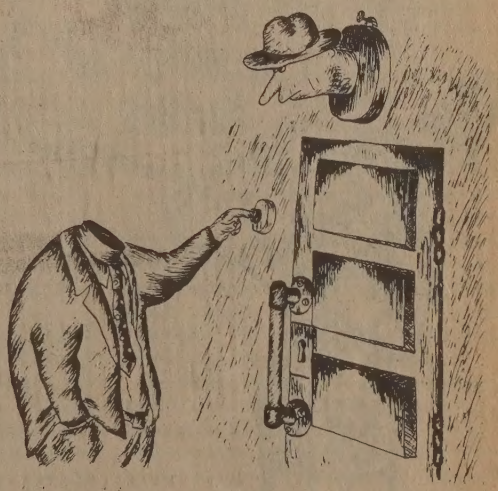

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Cover: cartoon by Vladimir Mochalov

A follow-up letter

In my previous letter (No. 34/92) I expressed the view that Belarus (former Byelorussia) is one of the most attractive regions for foreign investment. Shortly after I wrote it I read newspaper reports which added weight to my argument. It turned out that Germany had granted our republic credits amounting to 1,000,000 marks. Priority projects, to be financed with German investment, have been targeted. Newspapers write that preference will be given to projects which can yield a good return on investment and can later manufacture goods currently being imported.

I think Belarus would not receive credits if German businessmen did not believe in its political stability and the economic rationalism of its people and leaders.

Mark Winter,
civil aviation pilot
Paris

Multi-coloured fascism

In the past I did not pay special attention to talk about fascism, the more so that both right-wingers and leftists accused each other of it. But lately I have come to understand that fascism is not a political or ideological notion. It is a definite socio-cultural phenomenon of society in which vulgar arrogance and xenophobia reach a critical level. Since this is so, fascism will come to us not from the "right" or the "left." One day it will throw the door open from the street and growl in a deep voice: "Who are not 'ours' here? Get out!"

"Southerners" have become the chief target of hatred. In the opinion of many people they profit from others' troubles. The recent anti-southerner pogroms in the Yaroslavl region did not come as a surprise to me. The anger and irritation of people are clearly evident in the streets, restaurants and markets.

Andrei Novikov
Rybinsk

Caviar in short supply

Fishermen in the Lower Volga say, "Bread can be white or black, but caviar can only be black." I don't mean to grieve foreign epicures, but I have to do exactly that. Astrakhan fishermen assert that the production of black caviar is now in a disastrous state. The catch of sturgeons is the lowest in the last five years. This can be explained by bad management, environmental pollution, and poaching. It's like the consequences of war on man. Why am I writing to your magazine? Perhaps foreign businessmen who are not indifferent to the fate of our sturgeons and our costly delicacy will respond and help improve sturgeon breeding. They would gain profit, and caviar too.

Yevgeny Kobelev
Astrakhan

Trade is better than aid

Our newspapers report that Russia is compelled to keep in storage the highly enriched uranium obtained as a result of dismantling tactical and strategic armaments. It seems the Russians do not know what to do with this stock. According to some reports, they wanted to sell uranium to the United States at quite acceptable prices, even lower than American ones. This deal could provide fuel for 109 commercial power reactors in the United States. But our bureaucrats from the Department of Energy did not want to conclude such a deal. Moreover, they imposed an exorbitant, what we call "punitive" duty of 115.82 percent on the fuel of Russian reactors. It appears that the United States displays enthusiasm with regard to political freedom in Russia but is afraid of losing its competitive position on the world market of uranium fuel. This policy is detrimental to the Russians and even more ruinous for ordinary Americans. It has been calculated that the use of Russian uranium would cut energy spending for 18 percent of corporations and consumers who use atomic energy. Besides, tons of the world's most deadly metal could be thus eliminated. Is it not an advantageous deal for us?

Richard Deeds
New York

Dreaming of a meeting

In the spring of 1955, during the Christian Easter, I happened to witness events in Kolyma's Arkagal labour camp which were later described as an uprising. For some ten days the camp was controlled by the inmates. On the first day one man was killed and one wounded.

I was elected to represent the strikers at the talks with the camp administration. During the spontaneous strike, people united around former participants in the Norilsk uprising, people from Western Ukraine and Lithuania.

I now recall only a couple of names, the others I've forgotten.

I would very much want the surviving inmates to write their reminiscences. I used to keep some notes and a few photographs of my friends. But one day all this mysteriously disappeared from my flat when I was away. I later learned that the KGB men and police had been to my flat. However, I remember clearly many events and the general atmosphere in the camps. Could we possibly meet one day, as participants in the Norilsk and Karaganda uprisings did?

Yefim Spivakovsky
New York

THE WAY I SEE IT

Drawing by Yevgeny Stavdudnsev

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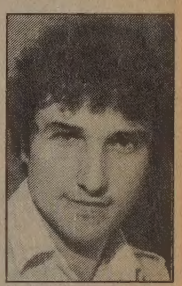
Ruble demand falls in Russia as demand for Russian peace keeping falls in Transcaucasia

The record-breaking drop in the ruble rate of exchange with $1 going for 205 rubles coincided late last month with one more drop in Russia's policy vis-á-vis the immediate abroad, notably Transcaucasia. On the initiative of Kazakhstan President Nursultan Nazarbaev the Azerbaijanian and Armenian delegations agreed in Alma-Ata to announce a ceasefire as of September 1. However, it must be noted at once that the said news was viewed most sceptically as this agreement is at least the third since full-scale fighting commenced in early 1990. Sponsoring the previous truces were prestigious Russia, Iran and CSCE. However, these truces were broken, evidently because not represented whatever in the peace process was Nagorno-Karabakh's Armenian community, whose desire for independence from Baku triggered off the conflict. The point though is not one of the effectiveness or ineffectiveness of the Alma-Ata agreement. What is of interest is what led up to this meeting which according to comment by both the Armenian and Azerbaijanian parties was keynoted by a spirit of cooperation – which is all the more amazing as while they were meeting, bitter fighting continued.

For his initiative to be welcomed by Armenian President Levon Ter-Petrosian and Azerbaijanian President Abulfaz Elchibei the Kazakhstan leader had merely to telephone Yerevan and Baku. It looks as if the two sides, aware of the hopelessness of this conflict, which has developed into a full-scale war have realized at last that it is vital to settle the issue. However, experts note that a similar initiative put forward by Russia several weeks earlier had gone unanswered by Azerbaijan and had received but a very general noncommittal approval from Armenia.

How come Kazakhstan succeeded where Russia did not? Evidently President Nazarbayev's impeccable reputation and diplomatic expertise politically outweigh the traditions that had bolstered Russia's priority in such matters. Indeed, the Centre retains its customary authority in provincial eyes longer than formal authority. As one Moscow colleague put it, whatever might occur all these presidents will for long communicate in Russian, the more so as there are few statesmen in the former Soviet republics, who like Armenia's Foreign Minister Raffi Hovannesian, a US national, would be fluent in any other language used in international communication.

Nevertheless, it is a fact that as concerns the peace-making process in the Armenia-Azerbaijan conflict, Russia has been reduced to the status that all other UN members enjoy. Clinging as she does to the role of a superpower with global interests, Russia has not learned and apparently will not learn to act merely as a regional centre of influence. How come so many of her peace-making initiatives flopped? Only because when declaring involvement and even sponsoring the peace process, Moscow did not climax its efforts. As a result, after a certain lull, it all went back to square one. Not because Russia has no leverage for influencing her former junior partners in the USSR or is unable to apply such leverage. Turning off onto the sideroads of regional policy, mostly under pressure from world public concerned with what is taking place in the Dniester area, Georgia and Transcaucasia, Russia strives as soon as possible to get back onto to the highroad of global effort, leaving what she starts to shift for itself.



In the upshot others forge ahead or try to do so. As has been learned from creditable sources, Azerbaijan would have turned a deaf ear to Moscow's initiative even if addressed by President Yeltsin not just Foreign Minister Andrei Kozyrev. Baku sees involved in the peace process such states as Turkey and Iran who earlier would have not dared to interfere in the internal affairs of their mighty northern neighbour. No wonder Baku regards Russian involvement as naught but a hangover.

Evidently, how long Russia's estrangement from the peace process in Transcaucasia is will depend on how successful the Nazarbayev initiative will be. If successful, abolition of Soviet empire hangovers, chief among which is Moscow's special role in the immediate abroad, will be drastically speeded up, which in turn, will completely redraw the map of Eurasia's centres of influence.

Vladimir Kulistikov

The lessons of Georgia

Women and men in Western Georgia in mourning

The president in exile, Zviad Gamsakhurdia, and the chairman of the State Council, Eduard Shevardnadze, answer questions posed by *New Times* correspondent

I was to meet with the Georgian president in exile in the capital of Chechen. It wasn't very difficult to get to see him, finding the right people to help you is the key, those who can actually take you to him. The road to Zviad Gamsakhurdia is no secret to anyone in Grozny: he lives almost in the centre of the city, in the former residency for guests of the former regional committee of the Party. So when getting into the car, no one tied a black rag over our eyes (three French lawyers from the Commission on Human Rights of the European Youth Union whom I had met in Tbilisi travelled with me around Georgia).

A house for Gamsakhurdia

It must be said that Gamsakhurdia's stay in Grozny doesn't delight all its inhabitants. I heard opposing views, but the people's attitude towards the hospitality which Dzhokhar Dudayev showed the out-of-favour president was mostly negative. It seems to many that Chechen doesn't need additional problems in its relations with Georgia and with Russia. Nevertheless, there are no armoured carriers nor bags of sand at the entrance to the residency. And Gamsakhurdia doesn't look so downcast as we saw him in the December TV interview with Urmas Ott. There even seemed to be a smile on his face...

Mr President, how do you feel about the fact that Georgia is now a member of the United Nations?

That just goes to show again that the United Nations doesn't have anything in common with democracy, human rights or justice. The declaration in its Charter on the unacceptibility of terror and the use of force are all empty words. The United Nations defied its own principles when it accepted into its ranks without any reservations a criminal junta, which overthrew the legal government, and came to power as a result of bloody force.

In your opinion, when did your relations with Moscow begin to go sour?

From the day I was elected Chairman of the Supreme Council of Georgia. The war against me broke out immediately. Gorbachev phoned me and asked: "Will you sign the Union Treaty?" I said: "No." – "Then you'll have problems with South Ossetia," said Gorbachev. There was not a single day without war, right up to when they began to shell the parliament...

Did you consciously follow a policy of isolationism?

The state can't live on foreign credits, on hand-outs. The state must be self-sufficient. As for isolationism, it's Moscow that isolated us. From the first days of our declaring independence a propaganda campaign was begun with the aim of isolating us from the rest of the world. That was mainly

done by Shevardnadze who has many ties internationally. They spread the rumour about me as of an isolationist...

"The whole world is intervening in our affairs"

"It's not just a matter of Gamsakhurdia. The main thing is the observation of the law and respect for the choice of the people. Eighty-seven percent of those who took part in the elections voted for the president. There was never such democracy in the world as under Gamsakhurdia... He opened our eyes. If we would be given a chance to sort things out ourselves... But not only the former empire, but the whole world keeps us from doing so."

That's what a young woman not involved in politics, Marina Kacharava, said at the end of last year. She was the head of the weather station, Krestovsky Pass. But last summer attacks of armed groups on the station became more frequent and she was accused of breaking the law since she "blocked a strategic road." They brought criminal charges against her and she was fired. In September, when an attempt was made in Tbilisi to overthrow the president, Marina Kacharava discovered that the anti-storm guns at the station were in the hands of the conspirators and not being used for the intended purpose. She tried to go to the president and insisted on a court investigation of her case, but in vain... They summoned her to the prosecutor's office only on the 7th of January when the president had already been overthrown and they accused her of complicity with Gamsakhurdia... So she became a "Zviadist."

"We would have decided about him ourselves"

Outwardly Tbilisi didn't remind one any more of a city on the front line, though at night a curfew was, in early August, still in force. On the steps to the post office artists were selling their pictures, but nearby on the corner were young men in semi-military dress with tommy-guns; they were guarding the entrance to the building of the State Council.

There were lines only where sunflower oil was on sale and at the banks since a twofold indexation of accounts had been announced and people were hurrying to deposit their money.

Only that part of Rustaveli boulevard that passed in front of the government building reminded one of the events in December-January: houses destroyed, windows with no glass, traces of shells and bullets on the façades... In some places builders could be seen. People were cautious evasively keeping up a conversation, if at all... They were pessimistic about the future. When they were asked how they felt about the present, they answered with the question: "How do they feel in Moscow?" Some murmured: "Maybe Shevardnadze will succeed in doing something, we'll see..."

One of the most daring people I talked to was someone whom I shared a table with in the restaurant "Sands." He asked: "Did you vote for someone in Russia, Yeltsin perhaps?" – "Yes." – "Are you happy with him today?" – "Not always." – "What if Zhirinovsky or someone else, I don't know who, decided to oppose him and, together with his own team, began to shoot at the White House? What would you think of that?" – "It wouldn't be good" – "Well, why ask us then? Do you know how many people voted for Gamsakhurdia? Eighty-seven percent! Of course, he made a lot of mistakes, so we ourselves would tell him after a while: listen, Zviad, you don't seem to be coping, maybe you should step down. And just then the shelling began... they said it was a popular uprising..."

Rustaveli Avenue: windows without glass are still a common sight

"The victors" appealed to Eduard Shevardnadze for "help in the restoration of democracy" in Georgia *Photo from Der Spiegel (Germany)*

Eduard Shevardnadze is happy

The attitude towards Shevardnadze in Georgia is simultaneously more complicated and simpler than in Moscow. It is more complicated because Georgia remembers Shevardnadze, both in the "Georgian" period of his activity and the "Moscow" one. Simpler because they see in him, as before, a former communist leader able to be tough or liberal depending on the requirements of the "moment." On the one hand, the Georgian couldn't but be pleased that a Georgian has become one of the creators of world politics and almost became the general secretary of the United Nations, on the other hand, they can't for-

give him his political tenacity, ideological "omnivourousness,"or believe in the sincerity of his democratic "new thinking."

Here is the evaluation of the situation given by Eduard Shevardnadze whom I managed to meet with in Tbilisi on the first of August.

"Now I can say with more confidence that we will stabilize the situation. Most of the people have a feeling of responsibility and more healthy forces advocating a democratic road to development have consolidated now. They are actively preparing for the elections now and in the Tskhinval Region the situation has changed for the better. There are problems in other places, in western Georgia, but we feel we can cure them...

Elections are to take place on the 11th of October. When will the scheme of the campaign be clear?

We have decided to simplify it, but we are still discussing how. I think that we will go by party lists in 150 regions. And one more deputy will be elected in each of the 84 regions. Independent candidates can run there. There are to be 234 deputies in all. That is everyone can vote twice: for a party and for the representative from his region.

Those for Gamsakhurdia say that even if the majority don't vote, you will say the election is valid.

I don't know how many will vote or not... We aren't setting a quota right now – more than half or not. For example, in the United States the turnout is sometimes poor, but elections remain valid all the same. But I am convinced that at least 60 percent will take part in the elections, especially after introducing the idea of regional representatives.

I've gotten the impression that the people in Tbilisi have been frightened by the events over the last months – the persecution and arrests without warrants from the procurator's office. The victims themselves have talked with me about torture and humiliation. People fear to speak openly over the phone and dread a knock on the door at night.

The people are frightened by the wave of organized crimes: abductions, extortion, sabotage. There was an attempt on the life of the deputy chairman of the State Council, and innocent people died in the result of an explosion. We try to be frank and are ready to talk with anyone at any time. Among the people are those who actively support the President... I'd like to say this: let's forget about the past, about what happened under the former president, under the communists. Let's begin anew. We'll let all prisoners free, but I am sure there are also extremists among them. How do you reason with someone who blows up bridges?

You know about the attitude to you in Moscow, before and now... But information is already leaking out about unlawful arrests and persecution of the press.

Let it be decided in court. I can't keep up with all the accusations... Keep in mind, there was a coup here. I couldn't but come here, I didn't have the right to. A most terrible irreversible thing could happen here – a civil war. I thought, and not without good cause, that my appearance could prevent a national tragedy. And actually, not I alone, but the people succeeded in doing something about it. I didn't want to take part in a coup... I have never used the word "our enemy." There are no enemies, only opponents. That's the word I use when talking about Gamsakhurdia and others. We have to work with our opponents. That's hard to do with some of them. Those who were doing time, got out and then carried out the coup have a different outlook on things... Therefore it will take time to pacify them and others. It's not just a matter of me going out into the street and saying: brothers, you are all free, let's hug...

Do you have any regrets over returning?

No, none at all! I already said that a smart politician wouldn't have returned, if he was thinking about his own fate. I didn't have the right but return. Maybe I would end up in a total failure, and that could have dangerous consequences... But I had to do it. Just the opposite, I'd say right now that I'm happy, that I know what I am doing is the right thing.

Isn't Gamsakhurdia afraid of a civil war?

...First deputy Dzhaba Ioseliani spoke on the Tbilisi TV program *Iberviziya* just before Shevardnadze's trip to the western parts of Georgia. He thought the dialogue with the Megrels, the majority of whom continue to support Gamsakhurdia, was unnecessary. "What is there to speak about with them," he said, "they should all be annihilated and other people settled there."

Bringing troops by Ioseliani into western Georgia was accompanied by robbery and looting and cars being confiscated. Those who tried to resist were shot in sight. And they didn't just give the corpses to the relatives, but demanded 10 to 40 thousand rubles for them. A thirteen-year-old boy explained in poor Russian and mainly with jests how he and some other boys had stolen the disfigured body of his father from a church at night.

They shot occasional passers-by from cars on the streets. That's the way 55-year-old Shoniya Enuke was killed on the 25th of February in Zugdidi. And just a few minutes later the 29-year-old architect Gocha Dzhikiya was killed by a shot from that very same car. There was a big clamour over that killing because there had been many witnesses to it. Gochi's mother had tried to shield her son with her own body. The parents took the matter to court and the trial is still going on.

What happened in the home of the deceased could only happen in Georgia. Commanders of the National Guard loyal to the State Council, Karkarashvili and Kutateladze, were taken prisoner by local resistance detachments. Not having been told anything they were brought to that home. Gochi's parents and his widow treated them to a big meal and made beds up for them to sleep in overnight... In the morning it was explained to them in whose beds they had spent the night. And then they were let go.

Is it necessary to go into other such cases? In western Georgia alone 184 people were killed from January to July.

In Zugdidi, a woman of about 50, having seen me with my camera asked: "What do they know about this in Moscow? – "Nothing, probably..." – "I'm from Tbilisi and there they do not write about it or show it on TV. I couldn't even imagine it was all possible." – "And you ask about Moscow," I said.

Is there a way out? Shevardnadze rightly sees it in national reconciliation. That's why he set out for western Georgia. It was a noble and courageous step, though unsuccessful. The people there were totally implacable. It's hardly surprising for he personified the government in the name of which the people of "Mkhedrioni" had killed their dear ones. But the guilty have gone unpunished... Is Shevardnadze capable of untying this messy knot?

That's really the main problem today.

Gamsakhurdia's stand is categorical:

"Elections organized by an illegal body, the State Council, can't be legal."

What's to be done?

The junta must resign. There's no other alternative. Not even half the population will vote.

What if the junta doesn't resign?

Then the people will remove them.

But that means civil war and not hundreds of victims, like today, but thousands. Aren't you afraid of that?

I can't do anything about it. The State Council is criminal, the renegades of society... No one obeys the State Council, real power belongs only to Ioseliani and Kitovani. Georgia can be saved only if the people defend themselves.

If you had a chance to do everything over again, could you avoid the mistakes you made?

What have mistakes got to do with it? Anyone in my place would have made some. But I was constantly hindered...

TBILISI–SUKHUMI–
ZUGDIDI–GROZNY–MOSCOW

Arkady Dubnov

Photos by the author

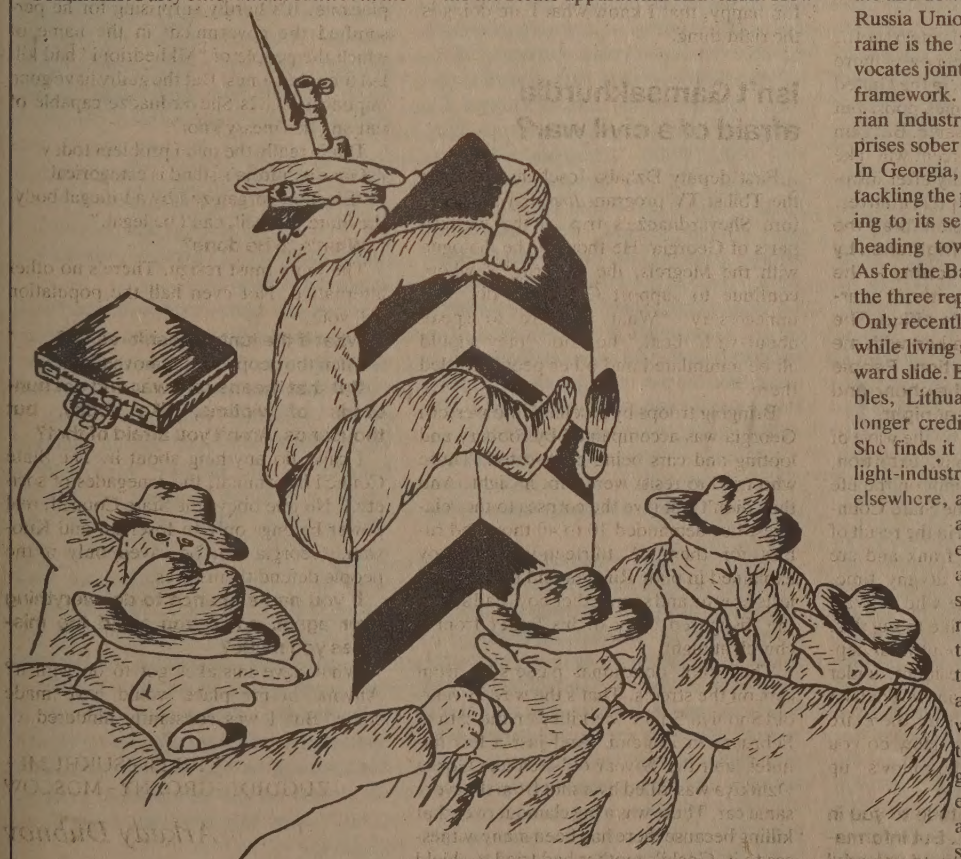
CIS – civilized divorce or new marriage?

Ethnic statehood in the former USSR is absurd, as sooner or later a federation will definitely emerge

So says **Andrei ZUBOV,** political scientist and expert on interethnic relations in the following interview to *New Times.*

New Times. What do you think will happen to the Commonwealth of Independent States over the immediate future?

Andrei Zubov. The situation as regards CIS is understandable only in the overall context of the disintegration processes throughout the former USSR. After August 19, 1991, the USSR's quick breakup was due above all to the circumstance that Communist Party elites still in control in the republics were averse to collaboration with Yeltsin and democratic Russia. The old system sought to save itself. Of course, this not only derived from the speculations in which the ruling circles engaged. This to a great extent reflected what the population wanted, as may be exemplified by Ukraine's December referendum during which the overwhelming majority plumped for independence. Yet at the presidential elections the vote was cast not for a man who had dedicated himself to the Ukrainian national idea – namely, Chornovil – but for the moderate apparatchik Kravchuk. However, recent months have shown that the severance of economic links with Russia does not offer salvation. People are beginning to wonder what they have got from independence. In this sense CIS acquires a new meaning. I think it has already gone through its nadir and that the current trend is towards reunification.



Drawing by Marat Tairov

N.T. Could you specify?

A.Z. While the economy was one entity, out-and-out populists took power on the quest of national confrontation. But today, faced with reality and with this rather unenviable independent "state of living," the populists are yeilding to the pragmatists in virtually every quarter. In Russia, this is the Renovation Alliance which is more moderate and down-to-earth than the Democratic Russia Union. Increasingly popular in Ukraine is the New Ukraine Party, which advocates joint economic links within the CIS framework. In Moldova, this is the Agrarian Industrial Alliance, whose core comprises sober thinking economic executives. In Georgia, the State Council is currently tackling the purely pragmatic tasks of bringing to its senses a starving country that is heading towards barbaric fragmentation. As for the Baltics, the economic situation of the three republics is by no means brilliant. Only recently there was one more price hike while living standards continue their downward slide. Estonia owes Russia 3 billion rubles, Lithuania, 2.8 billion. Russia is no longer crediting oil deliveries in advance. She finds it more advantageous to buy the light-industry products they offer elsewhere, as quality is better while prices are the same. The current leaders of these republics have won a reputation of being anti-Russian for the most part. To repair relations with Russia, and the three republics objectively need that, other men must take over and it is quite likely that they will do so. No wonder in Estonia, for instance, the Savisaar government, which resigned, enjoys increasing popularity and it is quite possible that it will stage a comeback.

The pragmatists, the men

who stake firstly on ensuring proper living conditions, not those touting a catchword, seek to preserve economic links and hence the old united economic dimension.

N.T. Does this mean CIS would return as a form of economic cooperation?

A.Z. Though that may be the paramount incentive, it is not the only one. The point is that the peoples of the former USSR are accustomed to coexistence, be that good or bad. Many are dissatisfied with the initial divorce. Indeed, blood has been spilled and living standards everywhere have gone downhill. Hence one wonders whether the masses are prepared to sacrifice welfare for schooling in a native tongue and the national culture. Though it is quite likely that in some places they are ready to accept that, this is far from being the case everywhere. Yet it must be realized that today that is not at issue. Nobody wants to take anything away, be it language or culture, from the Ukrainians, the Byelorussians or anyone else, which means that one basic argument for confrontation has gone.

N.T. But isn't it so that primarily motivating the national idea is not merely the desire to acquire a schooling in one's native tongue and promote national culture? Incidentally, even before *perestroika* began, the Baltic peoples could do that. What is more important today is the wish to play first fiddle in one's historical Motherland. What about that?

A.Z. That is quite understandable, after decades during which nations and peoples were treated as if "younger brothers." However, it is out of the question to build up a state on the basis of domination by one nation. It is already clear that the republics have to pay too much for that, as expressed in declining living standards, chaos, the breakup of a country and murderous conflicts. I think the past year has shown that the countries of the former USSR coexisted not because some villain had brought together what existed haphazardly. The togetherness was quite organic. There has been a stupendous degree of ethnic diffusion and I mean not only the 60 million resident outside their "own" republics. One should not forget that in 1979, for instance, one out of every seven marriages was interethnic. In other words, there has come into being a large segment of people, who have sprung from several ethnic backgrounds, whatever nationality they might prefer. Hence the emergence of ethnic statehood in such conditions is absurd, which is well realized by Nazarbayev in Kazakhstan and Kravchuk in Ukraine; they both take a sober view of reality in their policies.

N.T. Would this mean the return of the USSR?

A.Z. That will never happen. It has gone forever, because its foundation has disappeared. It poisoned minds, sawing dissension for years, possibly for decades. However, objective necessity outweighs all ingrained prejudices. It will subdue the complex of estrangement and some new form of state union will emerge. I think none of the former Soviet republics, even the Baltics, will escape that process. The drama the Baltic republics are currently experiencing derives from their desire to become part of Europe; however, they are not conducting themselves as Europeans, above all with respect to their ethnic minorities. Yet if they resolve that problem, and integrate Russians, then they will willy-nilly gravitate to Russia and unity. If not, I fear the Baltics, and I especially mean Estonia and Latvia, as the situation in Lithuania is different, will become the theatre of the next conflict. Apartheid never ends peacefully.

N.T. Do you think we shall skip the phase of ethnic statehood?

A.Z. To a large extent we have already gone through that phase, in our mentality, that is. The upsurge of nationalism in Russia after the second Polish uprising of 1861-63 virtually dovetailed with a similar upsurge throughout the rest of Europe. By 1905, powerful national movements, Russian, Baltic, Polish, Ukrainian and Transcaucasian arose. The Turkic movement was led by Crimean and Kazan Tatars. By February 1917 all "fringes," from Tashkent to Minsk, recognized the Provisional Government, provided it established a federation. To some degree quasi-national statehood existed even under the Bolsheviks. After all, the Ukrainian knew he was living in Ukraine, not on the outskirts of an empire. Books and newspapers were put out in Ukrainian, a language banned before 1905.

N.T. You evidently hope a rational tendency will win out. However, isn't the very character of nationalistic movements irrational?

A.Z. For a time irrationalism is simply necessary to tackle fully rational issues, as it causes the people's deep-seated subconscious to surface. If this subconscious continues to be driven in, as it was under the Bolsheviks, I think that would have led to wholesale stress. However, now the boil has burst. I think that any normal person, who is prepared to sacrifice much for independence, but who is not prepared to go hungry and fight, especially when he sees that nothing threatens his national sentiments, will today reflect the objective need for integration.

N.T. Why then do we see the opposite in Russia?

A.Z. Russia is showing the same picture as the former USSR. In Tatarstan, as I see it, its Communist Party *nomenklatura* was loath to stay on in the de-particized Russia. Though developments were somewhat different in Chechnia, what I think is happening there is a clan power struggle.

Yet naught else seek to announce independence from Russia (although the impulse is definitely there, as for instance, in Tuva). Which means that the economic trend is active. After all, separatism is more often than not a means of defence, either of a political order if national sentiment is suppressed, or economic, if one's slice of the pie is threatened either really so or thought to be so. Operating now are market or quasi-market mechanisms and the desire for integrity appears to outweigh an opposite tendency.

N.T. Yet over the past 70 years people have become convinced that the national is implemented above all through statehood, isn't that so?

A.Z. That notion has to be shuffled off. People have to realize that it is absolutely unviable. After all, if consistently apply this principle, what will result will be a war in which everyone fights everyone. It is indeed quite plain that it is impossible to demarcate a single boundary in strict accord with ethnic distribution. Take Yugoslavia, already plunged in the shambles of such a war. Practice will teach us that national territorial statehood is devoid of prospect in a democratic society.

The Soviet Union existed in conditions of national territorial statehood only because that was merely set down on paper.

We shall eventually have a normal, purely territorial federation, some of whose lands will have specific national features (as, for instance, Mari, half of whose population consists of Maris), whereas some others won't have such specific features (like Daghestan represented in whose population are some twenty odd nationalities). Such "states" or lands or gubernias, call them what you wish, will enjoy equal rights. At the same time, each nation should have a voice in policy-making. Parliament's Chamber of Nationalities will represent not territories, but nationalities and its members should be elected on the ex-territorial principle by all Tatars, Ingushes, etc., living in the country.

Interviewed by **Galina Kovalskaya**

Old disputes in a new Asia

"Yes – we are Scythians! Yes – we are Asiatics! With slanting and rapacious eyes!" *Time* magazine prefaced an essay in its July 14 issue with this widely known stanza from Alexander Blok's poem. It was reprinted with a message in mind. The allusion is that Russia, by virtue of its Eurasian location and mentality, can always turn to the East, to Asia, having renounced its present pro-Western orientation. "Whether Russia finally joins the West concerns others besides academic historians," *Time* writes. "A Russia that thinks it is Western is more likely to be peaceful, outward looking and moderate on the international scene."

There is no denying that the West is interested in a stable Russian policy. However, it often sees the threat to this stability in the wrong place, not at its real source. The opposition of European and Asian origins perhaps has historical roots in the Russian consciousness. But the paradigm has outlived its usefulness. The progress and free thinking of Europe and the West in general are no longer counterposed in Russia by the backwardness and stagnation of Asia and the East on the whole. On its eastern borders, Russia mainly faces countries with the same parliamentary system and market economy as its neighbours to the West, not counting the specific distinctions which impart a special dynamism to the development of Japan and the "young dragons."

So the danger is not in Russia turning to the East. This would merely boost its integration into the "free world" because the process would then develop on both sides. The danger is that integration into the East might not succeed owing, among other reasons, to the legacy of the past and perennial conflicts like the dispute over the Kuril islands. In connection with Yeltsin's forthcoming visit to Japan this dispute has intensified of late. It reflects in a fanciful way not so much the real the interests of the two countries as the psychological prejudice inherent in politicians and the public consciousness.

Let us not dwell on historical and legal arguments here. As always, each of the disputing countries has more than enough of each. Something else is more important: the search for mutually acceptable decisions, not decisions imposed by one side. Western newspapers report that there are 66 variants to the settlement of the Kuril question. Some of them have been worked out, in particular, with the participation of experts from third countries. The stepping up of mediation efforts can only be welcome as long as they are not influenced by other factors, such as devotion to the long-time strategic alliance of the United States and NATO with Japan, which was reflected in the statement adopted by the G-7 at their Munich summit. In an attempt to settle disputes inherited from the past one should look into the future, rather than the past, into the near future characterized by many political scientists as the "Asian-Pacific age."

If the centre of the present world's economic and technological development shifts into the Asian-Pacific region the main messy areas of international political disputes will most likely shift there as well.

With the end of the Cold War the United States is leaving its bases in the Philippines without special regret, abiding by the parliamentary decision of that country. It is rumoured that American troops may be evacuated from South Korea, provided Seoul manages to normalize its relations with Pyongyang at least to some extent. However, conflicts remain in the economic sphere. For instance, the US deficit in trade with Japan, a matter of long-term concern for the Americans, has lately been aggravated by the 13 billion dollar deficit in trade with China, which is increasing the rate of its economic growth. No one can predict the possible political consequences.

What will be the consequences of the heated dispute over the Spratly Islands, which are not only rich in natural resources but also hold an extremely important strategic position, far more important than the position occupied by the Kurils? In fact, the Spratly Islands are the key to the passage between the Pacific and Indian Oceans. The share of world trade carried through them increases with the ever more intensive development of Asian countries. It is not surprising therefore that all of a sudden, as if moved by some common impulse, China, a number of ASEAN countries and Vietnam have revived their almost fogotten claims to the Spratly Islands. It is not accidental, of course, that at the latest ASEAN meeting Vietnam became a sort of associated member of that organization.

The report that Russia retains a base (fleet maintenance facilities) in the Vietnamese bay of Cam Ranh came as a sensation under these circumstances. Before its break-up the USSR drastically reduced it naval presence there. Vietnam was going to turn the bay into a health resort zone. It now turns out that ships carrying the historical St. Andrew flag of Russia will use these facilities. The greatest wonder is, however, that this report did not cause noticeable dissatisfaction anywhere. On the contrary, Secretary of State Baker and, even more, the ministers of the ASEAN countries welcomed such a development.

It seems that one of the features of the new, post-communsit strategic situation was revealed here. A new stabilizing factor is necessary in the situation now taking shape in Asia. It is needed not only for the countries of this continent but for the world as a whole. Such a function has been laid on Russia by history and its geographic position. The new Russia will be able to fulfil this function only if it is not inhibited by old disputes and conflicts which could also be solved with the help of the world community.

Dmitry Volsky

THIS WEEK

■ This summer will go down in the annals of Russian diplomacy as a time of energetic, though not always effective searches for ways of reconciling peoples united by the Commonwealth of Independent States, of settling their conflicts.

By summer's end the Abkhazian autonomous republic in Georgia became entangled in an ethnic conflict with a plot straight out of an American cowboy flick. First of all, the State Council of Georgia accused the Abkhazians of being in cahoots with gangsters, who hold up trains, and moved troops into that republic. The Abkhazians were also accused of cooperating with supporters of Zviad Gamsakhurdia, the overthrown president of Georgia.

The Abkhazians offered stubborn resistance to Georgian troops. But their strength was incomparably smaller compared with that of the Georgian guardsmen. Volunteers of the Confederation of Highland Peoples of the Caucasus hastened to help the Abkhazians. But the Russian prosecutor's office unexpectedly intervened in the matter. The actions of Caucasian mountaineers were declared unlawful, and the Russian command sent an airborne regiment to establish order in Abkhazia. The Russian troops permanently stationed in Transcaucasia continue to maintain neutrality. The matter is so complicated that a decision was made to invite an arbitrator to untangle the knot.

The paradox of history is, however, that settling ethnic or political conflicts is always more difficult and painful than fanning them. How will it come out this time?

■ A fine symbol – a boat against the backdrop of the Russian national flag – has been accepted for its banner by a new sociopolitical organization, the Liberal Union of Entrepreneurs. The first congress of the LUE, held in Volgograd, was not a very large gathering. The founders think, however, that its membership will grow by the thousand. The party exists on membership dues – 1,000 rubles a year. But it plans to engage in business on a share basis.

It is natural that a Russian party with such a programme has arisen in a region where the party bureaucracy still holds strong positions, putting a monkey-wrench in the engine of small and medium business. The LUE has no intention of competing with the Party of Economic Freedom founded by Konstantin Borovoi because it unites not big businessmen, but farmers and owners of small industrial, building and processing enterprises, workshops and shops.

The aim of the organization is to defend and promote small and medium business against its numerous rivals. The LUE is going to nominate its candidates for election to government bodies at all levels, set up a fund to grant farmers credits on favourable terms, send capable business-minded people to study abroad, institute scholarships, and pay allowances to large families and invalids.

Good luck to the boat of the Liberal Union of Entrepreneurs!

■ The exchange value of the ruble fell dramatically at the latest auction held at the Moscow currency exchange. It dropped to 205 rubles for the US dollar, compared with 161 rubles last week, and this does not seem to be the limit. Measures were taken to prevent the complete depreciation of the ruble. The Central Bank offered a considerable sum of currency for sale and, having considered the matter sensibly, some commercial banks withdrew their applications for the purchase of dollars. But this will scarcely be enough to rehabilitate the Russian currency.

■ Baku and Yerevan have repeatedly vowed to find a peaceful settlement to the problem of Nagorny Karabakh and restore friendship and concord between the two republics. They have also repeatedly broken their solemn promises, accusing each other of perfidy. Another attempt was made to reach an agreement. On the initiative of Kazakhstan President Nursultan Nazarbayev the foreign ministers of Armenia, Azerbaijan and Kazakhstan met in Alma-Ata. Distinct from previous meetings, the Alma-Ata talks were characterized by a businesslike approach. The ministers agreed to form a trilateral working group of experts to devise a mechanism for ceasing hostilities and of effective control over the settlement of the conflict, and a concrete date for the ending of the fighting.

Alma-Ata. Yet one more attempt to regulate the relations between Azerbaijan and Armenia. And again a failure

The importance of Nazarbayev's initiative is weakened, however, by mutual recriminations, suspicions and reservations expressed by the feuding parties from the very start of the talks. The only chance of ending the fratricidal war would be an agreement on a meeting between presidents Elchibei, Ter-Petrosian and Nazarbayev at which wisdom would at last prevail over endless claims and counter-claims.

■ After an agreement reached in Khorog, Tajikistan, peace did not come to that rigorous mountainous region. In Dushanbe unknown persons shot dead the republic's prosecutor-general Nurullo Huvaidullayev near his office car.

The criminals managed to get away. This crime set off a wave of indignation in Tajikistan, where it was seen as a breaking of the agreement on restoring civil peace. The republic is now faced with ever more cruel and senseless clashes between ethnic, political and clan groups.

There are three versions of what has happened. According to one version, the prosecutor-general was killed by members of the economic mafia because, firmly standing on guard of the law, Huvaidullayev seriously hindered their actions. The second version claims that the prosecutor was murdered by the political opposition as an active champion of the authorities. Under the third version he fell victim to the activity of some external forces which are interested in

Dushanbe. The site of the heinous murder of the prosecutor-general

the continued destabilization of the internal situation in the republic. The threads of the plot go south of the border river Pjanj.

A tragic note sounded in Huvaidullayev's words which were quoted in the local press. Several months before his assassination the prosecutor-general said he felt an immenent threat to his life from the mafia.

■ When Boris Yeltsin tried to persuade the Seven heads of state to defer the payment of foreign debts by Russia his most weighty argument was the promise to give firm guarantees for the return of debts in the form of granting foreign companies the right to exploit natural resources, on mutually advantageous terms, of course. Yeltsin kept his promise. Less than two months after the Munich summit Russia announced an international tender for the right to develop the large Udokan copper deposit situated 650 km north-east of Chita in Siberia. Over 20 foreign and about ten Russian companies expressed the desire to take part in the tenders.

The deposit is estimated to have 1.2 billion tons of copper sandstone. The point of shipment of ore on the Baikal-Amur railway lies 23 km away from the deposit. But there are also problems. Russian authorities insist that mining should be ecologically safe and that Russian technologies should be taken into account in the designs. Besides, preference will be given to projects which envisage the processing of ore into the final product.

Russian officials stress that the Udokan deposit is only the first on the list of natural resources that may be up for international tenders. More than a few companies will evidently express the desire to develop Russian deposits. Moscow's task is not to sell at too cheap nor at too outrageous a price.

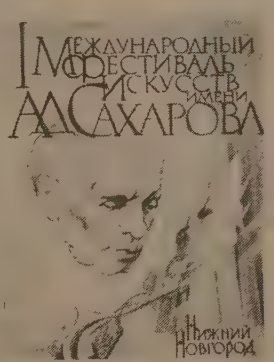
■ Having set out on an independent journey on the rough sea of the world economy, Estonia soon felt a bit sea-sick. Within only the first month of the voyage the cost of living in the republic rose by 24.3 percent. The price of eggs, milk, meat and fish grew by 20 to 30 percent. The growth of milk prices hit the pensioners hardest of all. Only recently Russia was being angrily accused of drinking the milk of Estonian children and old people. Where has this milk disappeared to now? The truth has come to the surface.

Estonian livestock-breeding was able to increase its productivity thanks to cheap Russian grain and hard forage bought with Russian petrodollars. Today the republic has to grow grain itself. This requires expensive machines, fertilizers and fuel, and the farmers have no money to buy them with.

So it is not the fault of Russians that Estonia's milk river has grown narrower and that food prices have risen. The blame should be laid at the door of captains of the Estonian economy.

■ The first international festival Russian Art and Peace has opened in Nizhni Novgorod. It is devoted to the late Academician Sakharov. The founders of the festival include Russia's Ministry of Culture and Tourism, the Nizhni Novgorod regional Soviet, the joint-stock company Gosko, the Nizhni Novgorod philharmonic society, and other organizations.

The festival is to embody Sakharov's humanist ideas on the spiritual and moral revival of Russia, its increased contribution to the creation of universal human values. Most of the material to be performed by Russian and foreign artists, will be premiered at the festival.



The emblem for the Sakharov arts festival

CARTOON OF THE WEEK

Drawing by Vladimir Mochalov

■ Having bought a new Volga car, a former Economic Counsellor of the Russian Embassy in France shipped it to Moscow, and with his wife and daughter Olya went to Britain, where the officials concerned knew that diplomat Victor Oshchenko was in fact an agent of the Russian foreign intelligence service. If his elder daughter, who lives in St. Petersburg, did not telephone to Paris two days after his disappearance, the officials would not have noticed his absence for some time. But three weeks later Oshchenko let the public know about himself in London. True, he refused to talk with his countrymen. It was reported that he had requested asylum in Britain.

What kind of asylum? The Russian Embassy in Paris gives the following explanation: Oshchenko was "a party orthodox" and could not bear the elimination of party activity and influence in the Embassy. That is why he "chose freedom." It can be asked, however, why he sought refuge in a capitalist country, not in China or Cuba. The explanation given by the Russian Ambassador in France sounds more plausible: "During a short period, very many employees engaged in intelligence activity left the Russian embassies for home. On August 8, Victor Oshchenko was supposed to leave France for the same reason. Perhaps the approaching departure impelled him to this action."

■ Russia's Ministry of Security has reported that during a special check-up in the port of Murmansk, state security officers held up part of the luggage of US citizens Sidney Levitus and Yuri Avrutin. Having examined on the spot and taken from them a portable computer, several discs and other information technology, the security officials established that they contained hydrographic and bathythermographic data concerning the Russian sector of the Arctic. Some of this data is classified information, banned from publication in the press and from transfer to foreigners without the permission of specific organizations, for instance, the Chief Staff of the Navy. Both "explorers" have been detained on suspicion of espionage. As we can see, politicians and intelligence officers have problems of their own.

Divide and flourish?

Some six months after the CIS was set up, it was already clear that the CIS Joint Armed Force was sheer fiction. Reality is prodding the former Soviet army, which has broken down into several national armies, to evolve new forms of military cooperation.

As far as one can judge, the Crimean War is not to be. The Yalta accords of the two Presidents of Russia and the Ukraine paved the way for resolving the crisis that had erupted in connection with the Black Sea Navy.

From the angle of the national interests of the two countries, the conflict over the Navy and the Crimea was most disadvantageous and potentially very hazardous from the very outset. The illusion of negotiation that sought rather to record stands than really evolve a mutually acceptable solution slowly but surely led to Moscow and Kiev relinquishing control of the situation in the Navy and simultaneously – for as will be known politics, like nature, abhors a vacuum – created a fertile medium for sabre-rattling by sundry national extremists. Though the Yalta accords did not delete the conflict from the agenda they at least halted its escalation.

What was partly another's was sacrificed

So what options do the Yalta accords furnish? First, they signify time again. Indeed, apart from everything alse the crisis was perilous insofar as it offered policy-makers hardly any time to work out well-conceived decisions. Over the transition period, that is up to 1995, the Black Sea Navy may be divided up, not be torn into pieces. In effect the question has long been one of the share the Ukraine will get.

Last spring Marshal Shaposhnikov tentatively agreed to let Kiev have about a fifth of the Navy. Today, according to the media, there are five options and it may be presumed that in the upshot Russia's new Black Sea Navy and the Ukraine's naval forces will be equal. That would certainly be a good thing, as it would rid future bilateral relations of military and historical claims.

Yet not only the Ukraine stands to gain. Russia will have the leasing of naval bases and installations along the Crimean littoral favourably received, for after all it is plain that that is possible only in the context of stable amicable bilateral relations.

Finally, the Yalta accords will serve to avert the Black Sea Navy's disintegration and degradation inasmuch as its preservation as an entity had always been basic for the naval command. Truth to tell, the Navy as an arm of the forces is far more systemic than ground troops which is why it is so vital to retain it over the transition period as one unit for the Black Sea Navy's deployment and material facilities.

Another good thing was that the accords did not dodge the issues of command, personnel and oath.

Of course, the accords have their negative aspects. First, both Yeltsin and Kravchuk deliberately ignored the stake other CIS members have as regards the Black Sea Navy, which was at once underscored by Shushkevich of Belarus. Nor was much regard shown for the CIS Joint Armed Forces, as an entire navy was deleted from it by one stroke of the pen. Such strong-man approaches which continue the Belovezh and, in effect, still earlier traditions, gravely impair Russia's prestige as a reliable international partner.

When disputing with Kiev, Moscow stressed time and again that the Black Sea Navy was part of the CIS Joint Armed Forces, a stand that was unproductive from the very start. To break the deadlock Russia had to sacrifice what she herself says did not belong to her alone. Yet that was done.

Whereas early in the year the emphasis was on the preservation of the unity of the former USSR's Armed Forces and there were hopes that with the exception of the Ukraine and two or three others republics, all CIS states would adhere to that stand, when spring came, formation of national armies became irreversible. The Rubicon was crossed on March 16, when President Yeltsin signed an edict setting up the Russian Federation Armed Forces. Ever since the dimension characterized as the CIS Joint Armed Forces has continued to contract.

From fictitious to formal unification

Belarus, Kazakhstan, Uzbekistan and Turkmenia have announced that they will form their own armed forces on the basis of the Soviet army units (under CIS joint command for several months) that are deployed in their respective territories. Otherwise the "joint" forces stationed within the conflict theatres as in Moldova, Transcaucasia and Tajikistan and also outside the CIS as in the Baltic states, Germany and Poland were placed under Russia's jurisdiction and control.

On May 26 the High Command of the Joint Armed Forces moved from Arbat Square to Leningradsky Prospect, where the staff of the Warsaw Joint Armed Forces had been quartered earlier. Ever since, despite the series of military agreements signed and the drafting of more documents, the significance of the Joint Armed Forces continues to contract, while the uncertainty around its further lot continues to grow. In this sense the Black Sea Navy decision merely offers the latest pertinent confirmation.

The failures haunting the former Soviet republics in the area of integration are largely due to their seeking, as a rule, to build up their structures from top to botton, instead of vice versa. The same holds true for the armed forces, whose "unification" was initially sheer fiction, as in practice this concerned the USSR Armed Forces that by December 19, 1991, had found themselves without a single command. By the middle of this year this "unification" was no more than formal, as the new states had organized their own armies, although they had still to make up their minds as to which forces would be integrated in their national armies and which would be subordinated to the joint command.

Nor has the May 15 Tashkent Collective Security agreement clarified the situation. By bringing Russia together with Kazakhstan and with the Central Asian states, that are increasingly distancing themselves from Moscow and that include Armenia, which to all practical intents is at war with Azerbaijan, the said agreement at once invoked questions with respect to the priorities of Russia's policy in the military field and the likelihood of Russia's embroilment in conflicts involving other countries.

Reaffirmed with the passage of time was what many had suspected from the very outset, to wit that the Collective Security agreement was as formal as the Joint Armed Forces, which incidentally Armenia's President Ter-Petrosian had the chance to see for himself.

We most willingly allude to US experience, forgetful though, that America knows what it wants, while we yet have to make up our minds. We energetically borrow from NATO experience, unmindful that such military alliances were built to face a patently formidable danger and that NATO's real begetter was Stalin not Truman. We note Western Europe's military integration, but fail to realize that the joint Franco-German brigade comprises the nucleus of what may with time become a European army. So on and so forth.

To cut a long story short, we are still imitating what others have done, naively presuming that what we share in common is adequate to scale the peaks of integration, as long as there is a resolve to do so. However, that is delusion which must be shed as soon as possible.

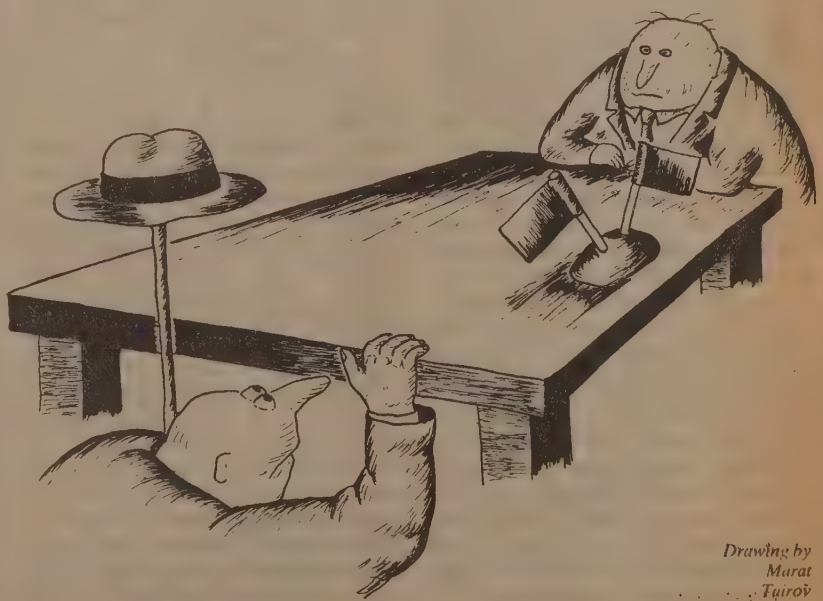
180 cockpits of tension

For the time being no former Soviet republic has formulated its own national interests. Though there are more than enough of concepts, there is no conviction that state leaders have settled for one or another. Also non-existent is a common national consensus as to international issues, without which stable foreign policy is unthinkable. For that matter there cannot be a consensus in the meantime.

There inevitably follows from all this that attempts to instal a military and political alliance to replace the former USSR, will scarcely be successful thus far. Since they have but a poor understanding of their own national interests, the new states have but a hazy idea of points of contact and points of divergence.

Often mentioned as an incentive for unification are the 180 cockpits of potential conflict scattered around the former USSR. The problem though is that there are 180 such cockpits not just one. If there were but one equally imperilling all, the republics would most likely unite. But when there are more than a hundred, scarcely can that eventuate.

Yet it is highly probable that all these joint forces and military alliances are summoned to serve another, far more prosaic purpose, which is to alleviate the consequences that the USSR's disintegration has



Drawing by Murat Tairov

entailed for the former Soviet army. We may note in this connection the circumstance that the reorganization of the USSR Armed Forces into the CIS Joint Armed Forces paved the way for an immediate solution in respect of the Soviet nuclear legacy and furnished breathing space for drafting, already at a national level, the basic principles of a military policy.

Hence the Tashkent Agreement could have been signed basically to reinforce the Russian-Kazakhstan union and ensure – for the time being – the normal operation of military structures in Central Asia and also in Armenia.

Do the "nuclear" presidents liaise?

Whatever the case, it must always be remembered that every agreement envisages links and commitments. As concerns the threat of the wholesale breakdown of the army, quite possible when the USSR disintegrated into the CIS, that is now not on the cards, with the exception of Transcaucasia. So what are the priorities in this connection for Russia's military policy vis-à-vis the immediate abroad?

First the basic nuclear issue. Indeed, so long as Russia is not the only CIS country in possession of nuclear weaponry that will definitely remain a priority. Although Moscow's desire to retain centralized control of nuclear armament and secure for Russia a full takeover from the former USSR in this field has the backing of the world community, Russia must not forget that 1994 is still round the corner, that not all of the former USSR's nuclear weaponry is in her territory and that from the angle of formality at any rate, the Russian President is not as free as regards nuclear decisions as the previous Soviet leaders. That being so, particular tact has to be demonstrated vis-à-vis Kiev, Alma-Ata and Minsk.

Now we do not know whether there is a hot line for Russian, Ukrainian, Kazakhstan and Belarus leaders to confer in the event of crisis. We do not know to what extent representaives of the Ukraine, Kazakhstan and Belarus are involved in drafting and implementing nuclear strategy. Nor do we know how well concerted is the policy of nuclear weapon control.

Be that as it may, the lack of facilities for fast reliable liaison between the four presidents is simply impermissible. It would be absurd for the Ukraine not to be represented in the slated committee for nuclear strategy coordination, that is to be set up under the Collective Security Agreement, though the Central Asian republics party to the Tashkent Agreement are represented on it. Finally, though the Kremlin's resolve to cut down on nuclear arsenals is to be acclaimed, it would likewise be desirable for Russia's President to rely on the patently expressed support of some of his colleagues when talking with the US President, as that would also reinforce Russia's own stance.

Aircraft must fly

Whereas with respect to strategic forces quadrilateral coordination represents the one and only acceptable option over the transition period, any desire for the broadest possible arrangement could prove erroneous in respect of conventional forces.

With the exception of Russia, each CIS state covers a more or less compact region, be this Eastern Europe in respect of the Ukraine and Belarus, Asia Minor and the Near East in respect of the Transcaucasian republics, the Middle East in respect of the Central Asian republics. Indeed, geopolitically, geostrategically and domestically, Belarus and Tajikistan are so different that any firm basis for military-political integration is out. Only Russia is in Europe, in the Caucasus and in Asia. Which significantly infers that while Russia wishes to fortify security along her entire perimeter, she must take a differentiated approach in each particular direction. Recent practice has incidentally demonstrated that this is most productive.

Sweeping cooperation with Kazakhstan, a republic of whose population two-fifths are Slavic, accords with the vitalmost interests of both Russia and Kazakhstan. Such cooperation must likewise have a military dimension in the form of a close military-political alliance and as far as we can see, it is this option that is currently being put into practice.

Minsk has repeatedly announced its firm resolve to denuclearize and stay neutral. This quite justified as expressing the basic national interests of Belarus. It cannot join the CIS military alliance that Russia is organizing without renouncing the basic principles of its policy of security. However, a bilateral agreement with Moscow presents quite a different picture. Such a mutually acceptable agreement was signed this summer.

Turkmenia has been unique in agreeing to have the Soviet military legacy within its territory divided in such a manner as to have part reorganized into a force that is to be subject to dual, that is Russian-Turkmenian, control.

There exists very tangible means and possibilities for purely military, military-technical, military-economic and of course, military-political cooperation between Russia and all other CIS republics. This could refer to the maintenance of an anti-aircraft defence system, arms production, specialist training, armaments engineering repair, joint combat training and finally military and technical facilities.

Incidentally, the relatively little experience amassed thus far in peace making and peace keeping in South Ossetia and Moldova demonstrates that armed contingents, in which individual states including Russia are represented, may be preferable to a special CIS force, at least nowadays as everyone will see who is actually responsible for the Russian, Georgian or Moldovan battalions. What though would this amount to in the case of a CIS force?

Finally, a few words as to local conflicts along the CIS's external perimeter. Russia might find herself faced with a situation when her interests would necessitate decisive action including the use of force. But for such response to be swift, upon which its effectiveness will largely depend, Russia may have to ask for permission to overfly what is already foreign territory and to use airfields there. She will also doubtlessly stand in need of depots with heavy ordnance, materiel, fuel and lubricants, and it would also be much better to concretely specify such matters in advance.

To sum up, we have quadrilateral cooperation in the nuclear sphere and primarily bilateral cooperation as regards conventional armed forces and weaponry. We have an orientation on what it is essential to have not what would be desirable. What we have is the gradual gathering together of nuclear weaponry and the division of conventional arms. What we have is the renunciation of a maximalistic attitude which so often implies the loss of what one wants. On the other hand, we have a readiness to engage in tough bargaining and reach inevitable compromise which means that much could be kept. Does this mean divide and flourish? The Yalta accords on the Black Sea Navy demonstrate in part that this is quite feasible.

Dmitry Trenin

DOSSIER

INSTRUCTION ON THE PROCEDURE FOR ASSESSMENT AND PAYMENT INTO THE BUDGET OF INCOME TAX FROM ENTERPRISES

The State Tax Inspection (Gosnalogsluzhba) of the Ministry of Economic Affairs and Finance of the RSFSR (Minecomfinansy)

December, 1991

1. This Instruction is being issued on the basis of the Law of the RSFSR "On Income Tax from Enterprises" and the Decree of the Supreme Soviet of the Russian Federation "On the Procedure for Enactment of the Law of the RSFSR "On Income Tax from Enterprises."

The provisions of this Law shall not apply to:

a) banks;

b) credit establishments – with respect to incomes from individual banking operations and transactions they perform in accordance with the established order;

c) enterprises – with respect to incomes from insurance operations;

d) enterprises of any organizational and legal status – with respect to profits derived from the sale of agricultural products they produce.

2. The procedure for taxation of foreign legal entities shall be governed by a special instruction.

I. TAXPAYERS

3. Income tax shall be collected from:

a) Enterprises and organizations (including those financed from the budget) which are legal entities under Russian legislation, including enterprises with foreign investment established on the territory of the Russian Federation and international associations and organizations engaged in entrepreneurial activities.

Budget organizations shall include institutions and organizations, the basic operations of which are entirely or partially financed out of budget funds on the basis of estimates of receipts and expenses (budget estimates).

b) Branch offices and other separate units of enterprises and organizations which maintain independent balance sheets and current bank accounts.

4. Enterprises and credit establishments (other than banks) as specified in paragraph 1 of this Article shall pay tax on incomes derived by them from other types of operations.

5. With respect to enterprises engaged in basic forms of operations under the Ministry of Railways and the Ministry of Telecommunications, the settlements with the budget under the income tax payment shall be effected in accordance with the procedure determined by the government of the RSFSR and individual instructions of the Ministry of Economic Affairs and Finance of the Russian Federation.

II. OBJECT OF TAXATION

6. Subject to taxation is the gross income of an enterprise less the amount of costs included into the prime cost of products (works, services), as well as the tax on value added and excises. The labour costs shall not be included in the prime cost of products (works, services).

A detailed list of costs included into the prime cost of products is determined by regulations on the composition of costs related to the production and marketing of products (works, services) included into the prime cost of products (works, services) and regulations on the procedure of formulation of financial results considered in taxation of incomes, approved by the government of the Russian Federation as agreed upon with the Supreme Soviet of the Russian Federation.

Specificity of the composition of costs which are not reflected in the above regulations shall be determined by appropriate authorities as agreed upon with the Ministry of Economic Affairs and Finance of the Russian Federation.

Henceforth and until the said regulations are approved by the government of the Russian Federation, it is necessary to be guided by the Basic Provisions on the composition of costs included into the prime cost of products (works, services) at enterprises of the USSR approved by the Gosplan of the USSR, Ministry of Finance of the USSR and the State Committee of the USSR for Prices and Statistics of November 30, 1990, Nos. VG-7D; 133; 01-17/2616; 17-24/10-69, with due consideration of amendments and alterations introduced by the Ministry of Economic Affairs of the USSR, the Ministry of Finance of the USSR and the State Committee of the USSR for Statistics on August 20, 1991, No. VG-139/3-23, the information on which was communicated in the letter No. 51 of the Ministry of Finance of the USSR of September 6, 1991.

The composition of costs included into the prime cost of products (works, services) which serve as a basis for assessing taxable

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income shall be determined by the government of the Russian Federation as agreed upon with the Supreme Soviet of the RSFSR.

7. Gross income of an enterprise represents the total amount of proceeds from the sale of products (works, services), fixed assets and other property of an enterprise plus the profits from non-marketing operations, less the total amount of costs related to such operations.

8. The proceeds from the sale of products (works, services) shall be construed to mean the entire amount of all monetary assets actually remitted to the accounts of the enterprise, to the cashier's office of the enterprise, or other receipts in payment for the marketed products (works, services) for the entire period of taxation.

In the event that, upon agreement with the purchaser, the supplier receives other amounts in addition to the contractual cost of products, then such amounts shall, for the purposes of taxation, be added to the amount of gross income.

9. For the purposes of taxation, the assets derived from marketing fixed assets or other property of the enterprise shall be included into the gross income as a difference between the sale price and the initial or balance price of such assets or other property, multiplied by the inflation index in accordance with the procedure determined by the Supreme Soviet of the RSFSR. The initial value of such property shall not apply to fixed assets, non-tangible assets, objects of small value and expendable items.

10. For enterprises engaged in the sale of purchased goods, the income for the purposes of taxation shall mean the difference between the purchase price and the sale prices of the goods marketed.

The above procedure shall only apply to enterprises engaged in procurement and trade (except commission trade).

11. For enterprises deriving income from intermediary operations and deals, the income, for the purposes of taxation, shall mean the amount of received fees (interests) under such operations and deals.

Intermediary operations shall include operations by enterprises acting as an agent or commissioner in an agency agreement or a commission agreement.

Under an agreement of commission, the commissioner undertakes, acting on the authority of the principal (the person on whose instruction the deal is being concluded), to perform one or several deals on his own behalf at the expense of the principal, in return for payment.

Under an agency agreement, the agent shall undertake, on its own behalf and at the expense of the principal, certain legal acts in return for payment.

The effect of this paragraph does not apply to all types of operations described in the second sub-paragraph of paragraph 8.

12. For enterprises engaged in direct commodity exchange and sale of products (works, services) at prices below the cost price, the proceeds from sale, for the purposes of taxation, shall mean the amount of contract which shall be determined on the basis of market sale prices for similar products (works, services, including the commodity exchange prices), that were in effect on the date of execution of such a deal, published in accordance with the procedure established by the government of the Russian Federation.

The amount of proceeds from such deals shall be determined by the enterprise on the basis of a special calculation which shall be submitted to the tax authority at the place of residence of the enterprise simultaneously with the accounting reports and income tax estimates.

13. Receipts (expenses) from non-marketing operations shall include incomes derived from participation in operations of other enterprises, lease of property, interests (dividends, accruals) from shares, bonds and other securities belonging to the enterprise, as well as other receipts (expenses) from operations that are not directly related to the production of goods (works, services) and marketing thereof, including the amounts received or paid out in the form of economic sanctions or compensation for damage. The amounts paid into the budget in the form of sanctions in accordance with the legislation of the Russian Federation shall not be included in the costs of non-marketing operations, but shall be passed onto the reduction of profit retained by the enterprise.

14. In the event of sale, or gratis transfer, to other enterprises of fixed assets, equipment, patents, licences and other assets acquired by an enterprise which had received for such purposes a tax credit or benefits in taxation of incomes due to reinvestments or in other cases provided for in the legislation, the amount of taxable income shall be increased by the value of tangible and non-tangible assets thus sold or transferred, but no less than their original value increased commensurate to the inflation ratio, in accordance withe the procedure determined by the Supreme Soviet of the RSFSR.

15. Budget institutions and other non-commercial organizations, whenever they derive income from entrepreneurial activities, shall pay tax on the amount in excess of proceeds from such activities over expenses.

Non-commercial organizations not operating on the basis of economic accounting yet deriving income from entrepreneurial activities shall include unions, economic associations, concerns and other amalgamations of enterprises, as well as other public organizations, public funds, religious associations which, along with their administrative and coordinating functions and other charter goals, are engaged in certain production and economic operations (manufacturing goods, provision of works, services, organization and holding of paid arrangements).

The procedure for assessing the amounts of excess of receipts of incomes over expenses shall be performed in a manner similar to that outlined in paragraphs 6 to 22 of this Instruction.

The receipts and expenses of organizations referred to in this paragraph shall not include incomes resulting from special-purpose remittances which are aimed at the maintenance of such organizations and received from other enterprises and individuals, as well as membership fees and shares (regular shares and special-purpose contributions by participants in such organizations), and expenses financed from the above funds. In view of this, separate accounts are to be opened of the above funds and the amounts of excess of receipts over expenses derived from entrepreneurial activities.

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16. The object of taxation of commodity and stock exchanges shall be the income derived from the lease or sale of brokerage places, from the deals concluded at such commodity exchanges involving the sale and purchase of commodities, securities, foreign exchange or other property, as well as other entrepreneurial activities.

The part of proceeds form the sale of brokerage places, which is channelled, in accordance with the established procedure, to the commodity and stock exchanges' charter funds, shall not, for the purposes of taxation, be regarded as income.

17. Foreign currency incomes of enterprises shall be subject to taxation jointly with proceeds in rubles. Foreign currency incomes shall be converted into rubles at the exchange rate determined by the Central Bank of the RSFSR on the date such income was remitted to the enterprise's hard currency account, or to its casher's office.

18. The funds raised by enterprises for the purpose of joint activities, which remain at their disposal after the payment of tax, as well as voluntary contributions by individuals, shall not be subject to taxation. The income which is derived from the use of such funds shall be the object of taxation.

The said funds jointly raised by enterprises shall not be the subject of taxation, provided that an agreement on joint operations was reached between such enterprises, by which they undertook through combining their assets (property) to jointly endeavour towards the achievement of a common economic goal (without the formation of a legal entity).

19. With respect to video shows, the subject of taxation shall be the income derived from demonstration of films for pay in places specially intended for this purpose, regardless of the mode of such demonstration, which may involve video screening equipment or television monitors of commercial television (cable, air, satellite).

20. From enterprises owning cable, air or satellite television systems, as well as studios engaged in the arrangement and production of commercial television programmes, regardless of their departmental subordination, no established income tax (at the rate of 70%) shall be collected, with the exception of incomes derived from the demonstration of video programs through the above systems in places specially intended for such purposes, with admission costs charged. Such enterprises shall pay income tax in accordance with the general established procedure.

21. In selling products (works, services) at an auction, the tax shall be assessed on the amounts of additional receipts derived as the difference between the auction (sale) price and the initial (starting) price fixed by the auction commission, less the costs related to the organization and holding of the auction.

22. The amount of additional profit shall also include proceeds from the sale of entry tickets and other receipts from provision of paid services during the auction. Licence fee for the right to hold local auctions and the fee from auction sales shall be included into the amount of costs considered in determining taxable income.

III. ASSESSMENT OF TAXABLE BASE

23. Gross income adjusted in accordance with Chapter II of this Instruction shall be reduced by the amount of rent payments remitted into the budget in accordance with the established procedure, the incomes derived from the production and marketing of the produced agricultural products, insurance operations and certain banking operations and deals.

24. For enterprises deriving income from intermediary operations and deals, the gross income in making assessment of tax shall be reduced by the difference between the fees (interests) received from such operations and costs (excluding labour costs) incurred in connection with such operations and deals.

25. In assessment of tax from enterprises deriving income from auctions, casinos, video salons (video shows), video and audio rentals and recording studios and slot gambling machines, with cash wins (including the incomes from leasing and other types of use) the gross income of such enterprises shall be reduced by the amount of difference between the takings and the costs (excluding labour cost) related to the provision of such services. The procedure for assessment and payment of tax from the above types of incomes is spelled out in Annex 3 to this Instruction.

26. For correct application of the appropriate rate of profit tax, enterpirses must keep separate accounting for different types of activities. The costs which may not be distinguished by types of activitites (for instance, upkeep of management and security of enterprises, maintenance of buildings and their current repairs, etc.), shall be distributed on the basis of shares of income from the said types of activities in the total amount of income.

IV. TAX RATES AND THE PROCEDURE FOR THE ESTABLISHMENT THEREOF

27. The rate of tax, except the cases specified in paragraphs 30-32 of this Chapter, may not, with respect to enterprises, exceed 18 per cent.

28. Supreme Soviets of constituent republics of the RSFSR, local governments of territories, regions and cities of Moscow and St. Petersburg shall have the right to establish, within their competence, specific tax rates common for all enterprises situated on the territory of respective Soviets.

29. A progressive scale may be allowed for taxation of enterprises, which would depend on the size of taxable base. Tax rates may not be established depending on the type of activities, nor individually for taxpayers.

30. The rate of tax on incomes derived from auditing services and consulting shall be 25 percent.

31. With respect to incomes derived by commodity and stock exchanges and brokerage offices, and with respect to incomes derived by other enterprises from intermediary operations and deals, tax shall be collected at the rate of 45 percent.

32. The tax on incomes (including incomes originating form the lease and other forms of use) derived from auctions, casinos, video salons (video shows), audio and video rentals and recording studios and gambling slot machines with cash wins, shall be taxed at the rate of 70 percent.

V. REDUCTION OF TAXABLE BASE

33. The taxable base assessed in accordance with Chapter III of this Instruction shall be reduced as follows:

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a) By the costs of repayment of credits under loans invested into the production of foodstuffs, children's food, medicines, medical equipment, building materials and consumer goods, as well as into the development of mineral resources exploitation (the list of consumer goods and mineral resources are subject to approval by the government of the Russian Federation);

b) By the amount of the part of profit used to make up for the losses incurred in the previous year (as per the balance of accounts), over the next five-year period, subject to the condition that reserve funds and other funds with similar purposes envisaged for enterprises under the legislation of the Russian Federation, have been used up;

c) By the amount of costs incurred under the norms approved by local Soviets of people's deputies for the maintenance of health facilities, education, cultural and sports facilities, preschool child care facilities, holiday camps for children, institutions for the aged and disabled, and housing, that are on the balance sheet of enterprises, as well as the amounts spent by enterprises on all the above purposes, provided that such enterprises share the costs of maintenance of such facilities and institutions. Such maintenance costs shared by enterprises shall be approved within the limits established by local government bodies on whose territory such facilities and institutions are situated;

d) By the amount of corporate profits retained by the enterprise after collection of tax, which are used to provide assistance to its employees in building private and collective housing by way of paying the expenses related to it, but not more than 50 percent of funds used for such purposes;

e) By the sum of charity donations and contributions to ecological, health and educational funds (public associations), public organizations of the disabled, and duly registered religious organizations (associations), as well as the amounts transferred to enterprises, institutions and organizations of culture, education, health and social security, physical culture, and sports, but no more than two percent of taxable profit.

All the above funds, enterprises, institutions and organizations receiving such funds shall, upon termination of the accounting period, submit to tax authorities at the place of their residence their statements on the amounts thus received and their disbursement. In the event of such amounts being spent inappropriately, the entire sum shall be recovered into the federal budget in accordance with the established procedure.

f) By the amount of incomes of enterprises owned by religious and public organizations and associations (other than trade unions and political parties and movements), creative unions and public charity funds registered in accordance with the established procedure, allocated to charter activities of such organizations, associations, societies and funds.

34. The total sum of tax benefits granted to enterprises under paragraph 33 of this Chapter may not decrease the actual amount of tax on profits, assessed without consideration of tax benefits, by more than 50 percent. This provision does not apply to creative unions, public organizations of the disabled, labour and war veterans, religious organizations (associations) and charity funds, registered in accordance with the established procedure.

35. The part of income net of taxes, which is left at the disposal of enterpises, shall be deducted form the taxable base, provided that such part of profit is reinvested inside the same enterprise into technological retooling, reconstruction and/or development of production, including the costs of research and development for such purposes.

The taxpayer shall have to provide documentary evidence supporting the disbursement of funds for the said purposes.

36. The following incomes shall be exempt from tax:

– incomes of religious organizations (associations) derived from the administration of religious rites and the sale of objects necessary for the administration of religious rites;

– incomes of public organizations of the disabled, their institutions, educational and production enterprises and associations entirely owned by them, so long as such incomes are used for charter purposes of such associations;

– incomes of specialized orthopaedic and prosthetics enterprises;

– incomes derived from the production of technical means of prevention of disability and rehabilitation of the disabled;

– incomes derived from traditional arts and crafts as performed by small numbers of certain peoples, provided that individuals of the indigenous nationality make up over 70 percent of the workers of such enterprise;

– incomes derived by cultural and educational institutions, theatres, concert organizations and groups from popular cultural activities, theatrical performances, and philharmonic concerts by popular groups and artists, so long as such incomes are used for charter purpses of such institutions and groups;

– incomes (dividends) derived from state bonds and other state securities. The tax shall not be collected on the income derived form the interests on loans granted to the government of the Russian Federation, the Central Bank of Russia and the Bank of RSFSR under their guarantees.

37. The following incomes of enterprises shall be exempt from taxation for a period of 5 years:

a) Incomes derived by a patent-holder from the use of his invention in his own production or from the sale of a licence to use the same – as from the date on which such invention came to be used, or on which the licence was sold, throughout the effective period of the patent;

b) Income derived from the use of an invention as a result of the purchase of a licence – as from the date on which such invention came to be used;

c) Incomes derived from new production specially launched to manufacture new technology involving patented inventions – as from the date on which an enterprise or production facility goes into operation.

38. Exempt from taxation for a period of one year shall be the income (including hard currency proceeds) of enterprises, as from the date on which a commercial model comes into use.

39. The rates of tax on the incomes of legal entities shall be reduced by 50 percent, should the disabled make up no less than 50 percent of their entire work force, or if disabled and/or pensioners make up no less than 70 percent of their work force.

40. In determining the right to benefits under this Chapter, the average number of personnel must comprise workers of the enterprise, including those who are not on the staff list (working under contractual assignments and other agreements of civil law).

(To be concluded)

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Will reforms withstand unemployment?

The prospect is for this young but quickly growing child of the market economy to cause serious problems for the Russian government as early as this year. However, government experts believe they still have enough time to cope with this headache

According to expert estimates, the number of those employed in the national economy in 1992 will reduce from 73.6 to 72 million people as compared to 1991. The reasons for this are the production slump, structural changes in the economy and the intensification of labour. The share of those employed in the state-run sector of the Russian economy will fall from 76.9 percent in 1991 to 69.4 percent in 1992 (or from 56.6 million people in 1991 to 50 million in 1992). The most intense reduction is expected by the end of 1992, when a large-scale privatization of state-run enterprises starts. True, this reduction will be partially compensated by a growth in the number of those employed in the private sector, yet this won't make the problem less painful. The spectre of an abrupt production slump in Russia is making itself increasingly evident, although its appearence in late 1991 and in early 1992, when the economic processes taking place stimulated the reduction in jobs, didn't lead to mass panic. However, already today one third of Russia's population fear losing their jobs. These fears are far from unfounded. The number of those finding themselves on the sacking lists grows. For many the spectre of unemployment has become a living reality.

The statistics don't spare our feelings: the dominants group of unemployed are women (70 percent) and persons with diplomas from higher educational institutions (58 percent). Over one third of the registered unemployed are parents of small children. Almost every sixth unemployed person is under 22.

The demand for labour power, as evaluated by the number of requests from entreprises and organizations, still considerably exceedes the number of those who want to find a job through the state employment service. The demand eight times exceeded supply in November and December of 1991, and two times in February 1992. In this context, unemployment can, for the time being, be regarded as mostly structural and (or) regional. True, a key issue here is the population's poor awareness of these services' activities as well as their low efficiency.

However, the relatively carefree period of these services' existence is nearing its end. According to forecasts by experts, the total labour market may reach the impressive figure of 13 million by the end of this year, and this is serious enough. The military-industrial complex alone is expected to lay off one million workers. It is expected the 7 million people will find employment on their own. About 6,3 million people will be registered by state employment services as those looking for job. Out of this number, about 2.5 million people will find vacant working places with their help, while 3.8 million will remain unemployed for some time. 1.6 million of them will be eligible to master a new profession in the system of vocational reeducation and training, while the other 2.2 million will be given unemployment allowances. The wave in unemployment will, according to estimates by experts, occur in the late 1992.

Unemployment chooses its victims

Unemployment will turn out to be most severe to those employed in mining and heavy industries working for the domestic market and in the military-industrial complex. Naturally, regions with a concentration of these industries' enterprises will be affected most (the Urals and the East Siberian Economic regions, some regions of West Siberia and the Far East, Karelia, Tula and Rostov regions and the Udmurt republic.)

According to experts, big problems in the sphere of employment will arise in industrially underdeveloped regions (the Kalmyk republic, Tuva, Kurgan and Amur regions). It's precisely in these areas that the danger of social explosions is the greatest. Nevertheless, the government aid programme responsible for creating new jobs in the service sector and for stimulating entrepreneurship has yet to make good. The experts believe that the prognosticated deterioration in interethnic relations within the Russian Federation, as well as immigration of the Russian-speaking population from other countries of the former USSR, will hardly promote social stability in these regions. This migration is potentially a national calamity, because accomodation of one resettler and his family costs about 500 thousand rubles.

Cushioning the blow...

The Russian authorities are preparing to meet the oncoming threat of precipitous unemployment fully armed, although the magnitude of the problem leaving no room

for expecting an easy victory. There are plans in the works to change the policy of granting unemployment allowances so as to stimulate a search for jobs.

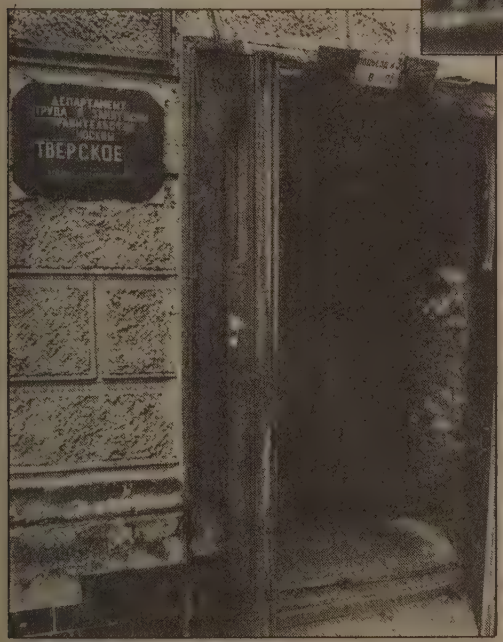
An active policy for handling unemployment is intended. The plan is to finance programmes for the reeducation of the unemployed along with developing ways to stimulate entrepreneurship. Labour-consuming social projects will be resorted to as the last remedy.

A special State Fund for Employment has been created to finance activities in this sphere. The federal part of its financial resources will be spent mainly on general needs and on forming a reserve for financial aid to regions suffering from mass unemployment and deficient employment funds. A territorial branch of the Fund will issue aid only to targetted localities. The distribution of finances between the federal and the territorial parts of the Fund is expected to be established at the ratio 20 to 80.

24 billion rubles will be allocated to the State Fund for Employment in 1992. To compare: in 1991 the expenditures on social support for the unemployed were only 4.6 billion rubles. In 1992 about 2 thousand million rubles will be invested into the development of employment services, including the introduction of advanced technology. Thus far these are only projects. If they are implemented consistantly and in time, the impending tidal wave of unemployment may be stopped.

Victor Sidenko

(Based on materials from the Working Centre of Economic Reform under the Russian Federation government.)



Front door to the employment agency in Moscow's Tverskoi District

A time bomb for reforms

A sharp turn made from the helm of the Russian state in the direction of a market economy is so far only slightly connected in the public mind with the prospects of mass unemployment. Even the people uprooted from their usual way of life by dismissals are hardly distraught, banking instead on President Yeltsin's promises.

But, as discussed in the previous article, the Working Centre of Economic Reform under the auspices of the Russian government predicts an unemployment surge towards the end of the year, comparable in scale with the great depression in the United States. It should be mentioned that in their estimates government experts, predicting 13 million jobless, surpassed even the sombre forecasts of the International Labour Organization experts who forecast unemployment to reach 10 or 11 million. Nevertheless, they were not able to deviate from the line of "official optimism."

Indeed, what can be simpler than the populist play with figures. Thirteen million unemployed? There are no problems. Half of them will find work. The rest will be helped by labour exchanges or will be retrained. Another couple of million will live on government aid for some time. The material supplied by the Working Centre of Economic Reform contains impressive figures – 24 billion rubles allocated for the state employment fund. The message, in short, is: have patience over this trying period, it will get better by the end of the year. Speaking on which factors could lead to the fall of his cabinet, Vice Premier Gaidar mentions only two as being serious threats: the growth of mutual non-payments between enterprises and an acute shortage of cash money in circulation, with the result that people do not get their wages in time. Unemployment was not even mentioned by him.

A long wait before the meeting with officials

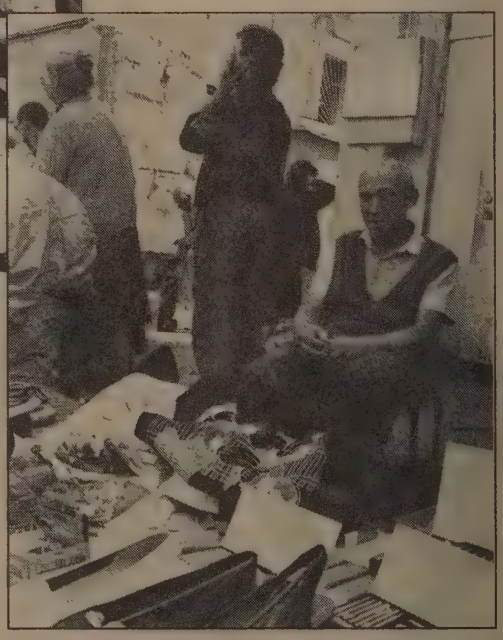
Nevertheless, mass unemployment, which is expected to reach its height by the end of the year, can detonate a powerful social explosion. It will be a critical stage for economic reforms. Attempts at solving this problem by purely bureaucratic methods will not bear fruit under conditions of financial and economic chaos in Russia, the more so that both Russian independent experts and the UN Economic Commission warn that the decline in production has not

been stopped while the most serious consequences of the government's economic policy lie ahead.

Where does the danger lie?

To fully understand the acute labour crisis with all its societal repercussions one has to take a close look at what is happening in the military-industrial complex. Judging by material gathered by the Working Centre of Economic Reform, the government expects one million unemployed. Accordingly, it has estimated the resources needed to cope with the flood of jobless people. It is doubtful, however, that these calculations can be relied upon. A recent survey of 2,500 enterprises and organizations, only in one region near Moscow, most of which are directly connected with the MIC shows that 420,000 workers can be laid off there alone by the end of the year. Compared with the end of last year, the number of vacancies has dwindled by half, to 26,000. And we are talking about a region which is, economically, comparatively prosperous at present. In the south of Russia, in the Rostov Region, where a large number of defence-related enterprises are also concentrated, unemployment is expected to jump 20 times, to over 300,000 according to estimates of the local administration. The employment service can provide jobs for no more than a third of them. Incidentally, refugees from the Caucasus and Central Asia, whose number may reach 20,000, are not taken into account. The authorities of the Rostov Region complain that this year they are short of 50 million rubles for the carrying out of the employment programme (such is the real measure of government allocations for overcoming unemployment). I have mentioned only two out of dozens of regions in Russia where the MIC previously ensured employment.

If you are unlucky at the employment bureau there are dozens of ways to earn a livelihood, such as selling second-hand stuff in the street...



Large-scale conversion

The main reason for unemployment is that conversion is implemented by the government blindly. No national programme has as yet been worked out. There are no appropriate engineering nor technical designs nor are there material or financial resources. As a result, having ceased to manufacture tanks, the giant Urals machine-building plant is unable to compensate for the fall in output with the production of civilian goods. Every fifth worker there is soon to lose his job. Unemployment will continue to grow unarrested. By the force of inertia alone many defence plants are manufacturing arms which have no demand. However, ten billion rubles allocated by the government for paying salaries at the MIC plants will soon be exhausted. What's next? This question is being studied by a designated government commission which has to survey 50 defence enterprises and decide what to do with them in 1992. However, not 50 but 550 such enterprises are to undergo drastic conversion (60 percent of their output) this year. Many of them are situated in small towns which sprang up around secret plants. There is practically no possibility there of providing redundant workers with jobs. These towns have also drawn means for the maintenance of their infrastructure from the military budget. The ending of such financing will leave jobless many unemployed families who once were working at defence plants. Hundreds of local pockets of "redundant labour" can quickly turn into a turbulent sea of social tension.

Unfortunately, the government obviously continues to confuse causes with consequences, using the emission of money as a fire-extinguisher. The government even intends to allocate foreign currency for the

purchase of more perfect equipment to print more rubles which are quickly losing all value.

The methods of the government's pseudo-market policy have not yet been completely exhausted. In the search for a way out of the critical situation the Gaidar cabinet recently announced substantial changes in the programme of privatization with the aim of forming a broad base of proprietors in Russia. Gaidar supposes that, having freed themselves from the status of the "socialist poor," millions of people will assume the responsibility for the economic survival of their enterprises. Here probably lies the key for avoiding large-scale unemployment that threatens the country. There are also other variants for solving the problem. Ye. Yasin, the government's spokesman in the parliament, suggested channelling a greater part of Western aid to the private sector instead of "dispersing" it between government departments. He evidently believes that the private sector can create more jobs than the state one. The trouble is, however, that the adoption of final decisions by the government and the parliament is being delayed.

In any event, unemployment is a time bomb. The countdown has begun. Last August, only 2 percent of politically active Muscovites went out into the streets to change Russia's government. What would happen in this case if there were 13 million citizens who have been deprived of employment, subsistence, and hope in their future.

Nikolai Garkusha

Hole in a shoe

Some time ago an *International Herald Tribune* correspondent compared the problem of unemployment in Russia with a shoe that as yet has no holes. Unfortunately, in our turbulent and unpredictable time comparisons quickly lose their precision. "A hole in the shoe" has already appeared, and it is widening with frightening quickness. What is worse, no one seems to be thinking seriously of how best to mend it so that the Russian economy doesn't catch cold and get pneumonia. Exactly such sad thoughts come to mind when you read the report of our correspondent

In the Moscow streets you don't see people yet with posters "Seeking job!" However, hundreds of unemployed are already daily coming to the Labour and Employment Department, functioning under the Moscow government for several years now, as well as to its district branches. The number of applicants is growing relentlessly.

One of such branches is situated in the central part of Moscow, not far from the noisy Mayakovsky Square. A plain house and an untidy entrance. In the corridor of the ground floor is a row of chairs on which people are sitting silently in tense poses waiting reception. Among them are elderly and young, men and women, Muscovites and refugees from the south. The faces of most of them reveal tiredness and hopelessness. Fate was cruel to them. Their usual way of life has been disturbed. The state no longer guarantees them a steady, though not very high wage, as it did in the past. The employment inspectors are sitting in the room. An unemployed individual will "enjoy" a brief meeting with one of them. His passport data and speciality are entered in a special card index together with a future date from which on he is officially unemployed. An applicant must appear exactly on the registered date, otherwise sanctions follow immediately. The granting of the status of unemployed is put off for three months. In the parlance of inspectors it is called "a suspension." For the three months the employment service will not deal with your case. However, as a punctual man, you come on time. Then, if you are lucky, you will be given the address of an enterprise or organization where, according to computer data, your speciality is needed.

"I went to one of such addresses," said an elderly man who gave his name as Fyodor. "I was offered an auxiliary job, to lift and carry cargoes. But my health is not as good as it was before. I hope to find a more appropriate job, for I have a higher education and a good speciality. It is my second and last chance. If the job does suit me they will stop paying me an allowance."

"They simply told me they did not need pensioners," another man joined in the conversation. It wasn't a very old man who gave his name as Victor. He was clean-shaven and wore a good suit. "They said they have enough of their own

...or playing the trumpet in an underpass

pensioners, though I have to work two years more to be entitled to a pension. They didn't even read the letter I brought. Now I want to clear up the matter with the inspector."

Such is the difficult situation hundreds of job applicants find themselves in. Their ordeal, however, goes further. Red tape continues for weeks. To acquire the official status of unemployed with an allowance, a person has to prove by documents that during the preceding year he had permanent employment with a full working day for not less than 12 weeks. The unemployed person is required to visit the labour exchange twice a month. During these visits he is offered vacancies. If he refuses to accept the job offered him on two occasions his status of unemployed is annulled together with the allowance. In this case he can hope only for retraining courses without any guaranteed employment afterwards, or – this is already familiar to us from the times of the great depression in the United States – he can be employed in public works (street cleaning, road repair, etc.)

Unemployment relief is no "life raft" either. In the first three months it consists of 75 percent of your previous average wage, I was told in the district branch of the Labour and Employment Department. Then its size is reduced. According to official data, the average size of such monthly payments in Moscow is about 500 rubles. A person cannot live on this sum. It is enough to buy two kilos of low-grade sausage, provided it is not further depreciated by inflation.

Who applies for work?

My visits to several branches of the Moscow Labour Exchange enabled me to get an idea of what social groups are most vulnerable to unemployment. Among them are first of all women with children who are forced to look for a source of living after staff reduction. Their fate is shared by divorced women who did not work before.

Among frequent visitors of the Labour Exchange are many former servicemen transferred to the reserve. There are many engineers and technicians who became redundant as a result of the continung slump in production, as well as school-dropouts and college graduates. The information I gathered by brief interviews is also confirmed by computer data of the Central Labour Exchange. It turned out that during ten months – from September 1991 to June 1992 – 132,000 Muscovites applied to the Labour Exchange in search of work. Only 17,600 of them have received the status of unemployed, and hence the right to an allowance. Jobs could be found for 2,800 people. Of the 8,100 Muscovites who live on unemployment benefits 77.6 percent are women, 16.4 young people under 30. Educated people find themselves in the worst position – 55.9 and 23.1 percent of unemployed have higher or secondary education respectively.

Ilya Zaslavsky, Director-General of the Moscow Labour Exchange, admitted that of the total number of vacancies available in Moscow less than 10 percent are white-collar positions. So the real prospects of finding white-collar work are nil. The average unemployed person is quickly "growing younger." Early this year the average age of the unemployed was 50, now it's 45.

Zaslavsky thinks that not less than 300,000 people looking for work will get registered at the Moscow Labour Exchange by the end of this year alone. However sad the official figures are, they do not yet reflect the entire depth of the crisis. Its economic, political and social aspects become increasingly visible, and this cannot but alarm society.

When illusions are dispelled

How do they live, those people who still hope that fortune will smile on them again? Waiting for their happy break, they sell newspapers and cigarettes and wash cars. Some have already lost hope and are engaged in the most simple business. They sell clothes and articles bought by them under the Brezhnev times of "stagnation." In several districts of Moscow, streets seethe with people from morning till night every day. They have become huge flea markets. These new sights appearing in Russia's capital, a proud and sedate city in the past, provoke horror and compassion. It is a real trial, and not for sensitive types, to bustle through the rows of thousands or irritated "marketeers." But there is no other alternative for those who are driven to come here in order to sell their trousers or gold earrings to bring home food which becomes more and more expensive. It is precisely for this purpose that a 38-year-old aviation engineer, who gave his name as Igor, came to the flea market. Dismissed as the result of conversion of a military plant, he worked in a construction cooperative for some time. A month ago the cooperative went bankrupt. Igor was trying to sell his electronic alarm clock. He does not have to get up early now.

There is yet one more group of people who have lost hope in regaining their former status – an extremely dangerous sector for society. These are people who have been pushed by unemployment to the slippery road of conflict with the law. More and more people, socially respected in the past, are joining the army of criminals. "Crime is growing in the country at the same rate as unemployment," B. Voronov, department head at the Russia's Interior Ministry, complains. This connection is natural in his opinion. The most distressing thing is that the growth of crime has an adverse effect on the course of economic reforms. This effect is so serious that experts have to take it into account as an independent factor in their economic forecasts.

Is there a way out of this vicious circle? Unfortunately, the higher-ups do not see it. F. Prokopov, Head of the Federal Employment Service, frankly said that government bodies are unable to solve the problem of impending large-scale unemployment. Moreover, he admitted that by the end of the year the shortage of money for the payment of benefits to the "officially registered" unemployed alone will make up about ten billion rubles, that is, only a third of even the minimal sum needed for this purpose. A gloomy prospect.

This is just another way to earn one's living

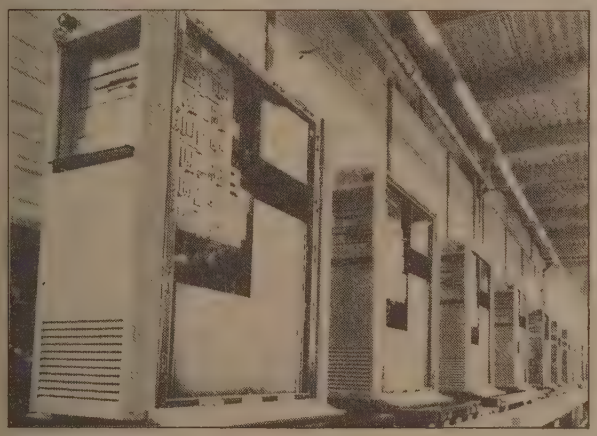
Alexander Stoyanov

Photos by V.Panov

Joining forces to become stronger

The German firm Siemens Nixdorf has opened its training centre for young specialists in Moscow. The firm is currently Europe's largest producer of computer hardware. Making use of state-of-the-art technologies and the necessary capital, it manufactures a wide spectrum of computers, from notebook-size micro-computers to mainframes which widen the possibilities of production and research centres.

The firm's operating systems use 16 languages and are capable of counting almost any of the world's currencies. Now the Russian language will be added to the operating range of Siemens' computers, and its accounting systems will be taught to identify and count rubles.



The main objective of its activities in Russia and the rest of the Commonwealth is to put in place an up-to-date information infrastructure. These plans are based on already existing links with Russian partners such as the International Centre of Information Technologies and Electronics and the Computer Research Centre, the largest software producer in the Commonwealth and a user of original technologies.

The links forged with Russian firms enable Siemens to enlarge its presence in the Commonwealth's internal market. The overall expenditure on setting up the office and training and service centres has amounted to DM15m. The firm's experts believe these outlays can be recouped by 1995, provided there exists a favourable political and taxation climate in the Commonwealth.

The training centre was set up in an effort to attract young specialists. In its 20-strong classes, Russians will be given training which will enable them to serve the firm as bank staff and technicians.

Siemens will make payments to its partners and receive payments from them through Russian commercial banks such as Credo-Bank. The German company intends to computerize this bank and its branches. Such an approach is part of the strategy of Siemens, whose motto – "We Will Be Stronger Together" – will be put to the test in Russia.

Sharing-Plow is ready for broad cooperation with Russia

The recent visit of Sharing-Plow executives to Moscow is believed to have been very fruitful. This American pharmaceutical corporation is well known in the world. It is a financially strong concern with vast manufacturing capacities. The drugs produced by Sharing-Plow are sold in over 100 countries, and its market is steadily growing. Last year the volume of sales exceeded 3.6 billion dollars. According to its president Donald Conclyn, the corporation increases its research expenditure on the average of 15 percent a year.

Donald Conclyn noted that Sharing-Plow had sought to establish close cooperation with Russian scientists whose authority is universally recognized. Many of our drugs, he went on, had been thoroughly checked in Moscow institutes and clinics before they were allowed to be used for treatment. By this day 14 preparations have been approved for sale in republics of the former USSR.

Last year Sharing-Plow opened its office in Moscow. It is headed by Branko Kolaric, an experienced manager with economic and pharmaceutical education. The office is trying to establish contacts with other former Soviet republics.

The chief president of the corporation, Richard Kogan, said that despite all the difficulties, the executives saw during their visit they had not the slightest doubt that Sharing-Plow should establish long-term and broad cooperation with Russian scientists and industry.

Moscow makes plans for attracting foreign capital

The amount of foreign investment in the economy of Moscow Region remains extremely low. It neither meets the needs of the city, nor reflects the possibilities available to foreign investors, says Mr Leonid Nartsissov, head of the Foreign Investments and Municipal Programs Directorate of the Moscow City Council's External Affairs Department.

The cause of such a condition, he says, is the lack of a properly developed legal framework. The only enactment which regulates foreign investment in the city is Russia's law "On Foreign Investments." The Moscow government followed this up by the adoption of an ordinance "On Attracting Foreign Investments for Accomplishing the Most Important Tasks Facing the City." The ordinance singles out the sectors of the municipal economy into which foreign investments should be attracted as soon as possible. These are health care, trade, service and utility business, hotels, unfinished construction projects and industrial enterprises. The ordinance also provides for the directorate to create a mechanism for attracting foreign investment to Moscow. In the first place, this refers to finalizing arrangements and conditions for providing plots of land to foreign investors, the enactment of auction, tender and trading rules, the creation of an insurance fund, and the development of a lenient taxation system.

A good beginning

The founding documents of the joint-stock company Instrum-Rand have been signed after three years of talks. Three founders – the American company Ingersall-Rand (55 percent share holder), the Gorky autoworks (31 percent) and the Mekhinstrument (the remaining shares) – have decided to organize the manufacture of present-day power tools in Nizhni Novgorod Region. It will be a closed-type enterprise, although up to 20 percent of the shares can be sold to other companies. Ingersall-Rand is going to invest four million dollars into this project. The enterprise is to attain its full capacity in four years' time. During this period the entire profit will be invested in the expansion of machine-tool production.

Tools were demonstrated early this year in the shops of the Gorky autoworks. Those guests who saw them in operation have already placed orders.

Americans clearly understand that they are taking risks by investing millions. But, in their opinion, the possibilities that are opening up are more important than the risks. Their business intuition should be appreciated. It seems, however, that our businessmen can also make forecasts. They began talks three years ago when only a joint-stock exchange could perhaps have been organized.

Who will pay?

Many people have become rich in Russia since August of last year. Many of them are seeking culture, education and knowledge

By an unexpected and wonderful twist of fate, I am getting ready to teach journalism at the New Liberal Arts University.

Some other time I'll relate to you why it is called New and how long and hard, but joyfully its enthusiasts created it independent from state higher education. They took as their model the Shanyavsky University set up at the beginning of the century and, of course, swept away by the Bolsheviks in 1919. A private college independent from the government is their ideal. Their inspiration, the university founded by the Moscow intellectual, entrepreneur and retired Major-General Shanyavsky, made a higher education accessible for students and teachers who were outcasts from the formal school system. This is the place the New Liberal Arts University wishes to occupy in contemporary society.

The Committee on Higher Education of the Russian Ministry of Sciences acknowledged that the curriculum of the day classes at the New Liberal Arts University corresponded to the state requirements for higher education.

However, no support can be expected from the government, whose main concern is what to do with the drowning state colleges. There's no money to finance them. They were planned (if they were planned at all) for the Soviet Union – huge buildings scattered all over the city, dorms, auditoriums that seat thousands, huge numbers of graduates every year who soon want jobs, and the innumerable teachers who also want to live. But who will come to study now, for example, from Kirghizia? And where will all the military specialists be placed now that conversion is in full swing? And who is there to teach in the capital's pedagogical institutes if each regional centre has its own?... And the main thing, how to pay the teachers? With what? And why?...

All these questions, of course, depress and chill the heart of the officials responsible for higher education in Russia. Therefore the New Liberal Arts University isn't counting on any help and is just thankful that it won't be hindered in any way.

It is simply called "arbitrariness"

This is already the second month of interviewing future students in a rented classroom. Their intellectual level is a separate subject. Even several subjects. One subject, for example, might be an indictment against the Soviet secondary school. But another might be the hymn in praise of the lofty minds of the youth, their free-thinking, their knowledge of literature, and the depth and independence of their judgements.

One could write an interesting account on those who failed selection exams this year at liberal arts institutes. After looking at the facts, you come to the following conclusion: free education here seems to be over. Usually the parents of a young girl or boy use their contacts with companies to arrange that the company pay a certain sum for their child's admittance into the institute's account or offer a bribe to the teacher(s), which is more expensive, less reliable and more repugnant...

It's senseless to spend money on tutors. You'll go broke and have nothing to show for it. To take the preparatory courses at the chosen institute makes even less sense – they take your money, but don't lift a finger and don't know the meaning of the word "honour": "a year of guaranteed preparation for selection exams to the college" can result in all students who were "guaranteed" success at the exems failing all subjects studied with teachers at that very institution.

People who were born and grew up in England failed to pass admittance tests in the English language. Top high school students failed the essay in Russian, and those who knew *Eugene Onegine* flawlessly by heart failed the oral literature exam. How do they manage to pass all their "own", and weed out all the others on the essay? After all, it's under a code, its anonymous. They get around this very simple: the applicants are divided into two groups and everyone in the second one is failed... But aren't they afraid of a complaint being lodged? It is even simpler: they hang the results at 5.30 p.m. on Friday. The unlucky tearful kid goes home and on Monday appears at the institute with his furious father – to sue. But too bad: complaints can only be lodged the day the results are hung.

Now that is called "arbitrariness."

Those wishing to openly and honestly pay, and understanding that an interview tells more about the intelligence of a person than an exam, which checks the ability to remember but not to think and analyse, go to the New Liberal Arts University.

But I'm a journalist. Can't I take advantage of the opportunity – there are seven to ten interviews a day with applicants from various towns and villages of Russia? I have some questions of my own, as well as some of interest to me as a journalist. For instance, who will pay for your education?

Maybe my independent research will reveal something about Russia, about how it has changed over the year since August 1991. At least for me it would be very interesting to hear their answers.

Seventy thousand is no problem

The most frequent answer is: "My Dad. He is a retired officer. He works for a small private enterprise." (Other variants are: "He runs his own firm," "He works for a joint enterprise," "He and his friends set up a private company," "He is a businessman," "He works for a commercial bank.")

I'm happy for gentlemen officers several times each day. Let me be more exact: for the most part they are young fathers, 45-47 years old, not

more. I go out into the corridor in order to give them a look over. They are anxious for their children. They are well-dressed, carefree and well-off, i.e. rich.

There's one more frequent answer: "My parents? They work for a joint venture." "For a company." "For a joint-stock society," "For a private company."

These parents, as a rule, are both engineers who changed jobs several months earlier. They came to the new private enterprise together. And now it's no problem anymore for them to pay for their child's education.

Many ask if it's possible to pay not by the semester, but the whole cost of the education at once. But we fear inflation. And we can't be sure about each student's prospects for finishing the four-year course of study. We teach a student a profession in two years, meaning that our courses are very difficult and require a lot of work. We hold exams twice a year. When a student enrols at our university, we don't tear him apart, but give him a chance. But those hoping to buy a diploma in instalments are in for a surprise – they'll have to study. After all, the state acknowledged us and agreed to view our education as equivalent to that of the formal colleges. We don't intend to graduate anyone who doesn't deserve it... By the way, this is off the subject again. I'd just like to bring up that the typical Soviet couple – two engineers – is no longer financially a homogeneous sector of society. Some of them are rich.

The third most typical answer: "Paying is no problem for my parents. They're not worried about that at all. Actually, they're going to rent an apartment in Moscow so that I can live here normally during examination period or come here when I need to. And they themselves can come to visit me when they miss me." Who are their parents?

Doctors. Doctors don't make much.

They do in Murmansk!

Social origin: from a banker's family...

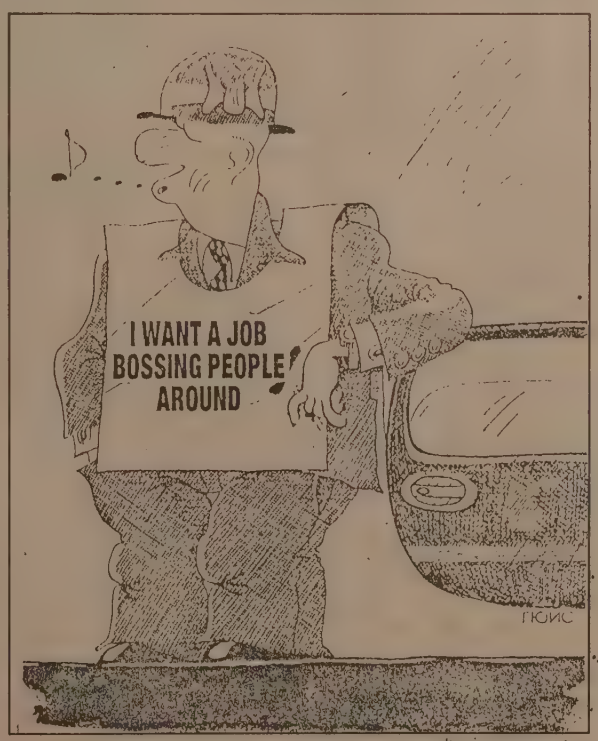
And so, doctors and workers with all kinds of different backgrounds, construction workers, truck drivers from the North, from Siberia, from the Far East. And, of course, metallurgists, miners, oil drillers...

Truck drivers as well as builders of any sort don't experience any difficulty, it is no special effort for them to fork out over 15,000 rubles all at once. Excavators and crane operators, I think, could easily buy our institute lock, stock and barrel.

Another frequent reply: "We run our own store... Well, a little store, a counter, in a word... Our whole family works there – Papa, Mama and me."

I ask – it is interesting to me – what did your parents do before they had the store? The answer: "They're physicists actually," or "Mama is a doctor and Papa a teacher," or "engineers, but they got tired of being poor."

About half of the applicants answer: "I'll pay for my education myself." Who are they, these young people who have decided to get a college liberal arts education? Stock brokers. Assistant managers. Trade representatives. Many say about themselves: "I'm a businessman," "a dealer." There was even the following answer: "I'm a small-time profeteer." No one said he was a merchant.



Drawing by Gennady Zhivotsky

Every day one or two young individuals introduce themselves as "Bankers." Bankers have more of a feeling of their own worth in comparison to representatives of other areas of the business world.

But hairdressers don't have any problem with feeling their own worth either. For example, a charming girl not over 20 said to me smiling: "Yes, I could pay for three!"

Loaders are sure of themselves too. "For loading one traincar they pay three of us thirty thousand. That's so that we can live normally and not feel that there's something we can't buy... Some is even left over. So if I need to pay, I'll load two traincars."

There are girls who, without showing any embarrassment, answer that their "friend" will pay for them. And there are those who say: "Mama's friend will pay."

There was only one farmer's son who came to me – he was from the outskirts of Moscow.

Many pay out of the company's funds where their mom and dad work.

All want a liberal arts education. "I want to be a cultured person" is the most typical answer. Another variant is, "I want to be educated." They also put it this way: "It's embarrassing to be dull." I want to be able to understand everything – literature, painting, classical music... I want to know history and art."

Each day before the interviews begin there's a crowd outside our doors. Many people have become rich in Russia in the year since the August coup. Rich people are not asking the government for money, nor charity, nor indulgence, nor loans. Rich people are seeking culture, an education and knowledge.

The doors they are standing in front of are not very presentable. A small classroom rented in a medical school. But it is a classroom nevertheless, and there are doors. And there is a university not begging money, facilities, charity, nor loans from the government.

Such are the results of the developments in Russia in the year since the August coup.

Tatiana Ivanova

When **Kadyr Alimov** walks in the streets of Tashkent people are beginning to recognize him, and his wife jokingly calls him a TV star. But popularity is not a burden for the 40-year-old professor. He became a leading host of the "World and us" programme on the Uzbek television only recently.

Alimov's professional career developed successfully till now. A son of an Uzbek actor, he graduated from the Moscow Institute of International Relations, where he studied together with present Foreign Minister Andrei Kozyrev. He defended two theses for a candidate of science's degree at the Institute of the USA and Canada and gave lectures at Harvard, Columbia and Georgetown universities. He had conversations with Robert McNamara, Carl Sagan, Zbigniew Brzezinski and Henry Kissinger.

On returning home he competed for and won the post as head of the Department of Political Science at the Tashkent Institute of Political Science and Management (former Higher Party School under the Central Committee of the Uzbek Communist Party). The political elite of Tashkent do not consider Alimov "their" man because at one time he was president of the Uzbek branch of the Soviet Association of Political Scientists headed by Georgy Shakhnazarov, a close adviser of Gorbachev. He was called "Moscow's right-hand man." To win the right to become an Uzbek intellectual, Kadyr began to study his mother tongue at the age of 35.

A professional political scientist, Alimov, together with Mohamad Solikh, Chairman of the Democratic Party Erk, drafted a bill on the foreign policy of Uzbekistan and was a co-author of an alternative draft Constitution of the republic. He believes that a law on political parties should be adopted as early as possible and explains the lack of readiness of the Uzbek parliament to do that by its professional immaturity.

Studying the US policy on Iran between 1945 and 1980 (the subject of his thesis for a doctor's degree), Alimov concluded that the forced inculcation of the ideas of Western liberalism on the soil of oriental fundamentalism was the reason for an explosion of the Islamic revolution. The president of the Uzbek Association of Political Scientists does not agree with Francis Fukuyama's assertion about the world victory of liberalism. In the opionin of Kadyr, "Francis" prevailed over "Fukuyama" and the East was underestimated.

In his search for a symbiosis of liberalism and fundamentalism Prof. Alimov regards as more true the statement of a Russian soldier in a popular film where he says that "the East is a delicate matter."

* * *

Igor Merkulov, 30, is the first Russian actor who played on the stage of a South African drama theatre. It was in Blomfontein, the Orange Province.

A graduate of the Moscow Insti-

Half a million rubles for a fur coat

For almost a year now **Vakha Vitayev,** 33, has been satisfying the whims of rich women. Ambassadors come to his Moscow flat with their wives, and our "nouveaux riches" mostly with their mistresses. Vakha is Director-General of MMT, a private partnership with limited liability, which makes highly fashionable fur articles from mink, silver fox, polar fox, nutria and Astrakhan fur. Compared to world standards, the prices are low. The most expensive fur coat was sold a month ago for half a million rubles – not a big sum if changed into dollars. Therefore, prosperous citizens try to have fur coats made not in the West but in Vakha's fashion "atelier."

Vitayev was born in Grozny, the capital of the Chechen Republic. He admits that his nationality is now a hindrance to his business, especially when he has contacts with officials. The latter usually take him for a ringleader of the Chechen mafia and are very reluctant to meet him halfway. Vakha's parents lived and breathed the fur business, and he inherited his interest from them.

But first Vakha took an interest in the scientific field. He graduated from the Chechen-Ingush University with a major in physical chemistry. Then he taught and was a member of a group of young scientists who worked out methods of cleaning planes from mercury. For this work he was awarded a prize by the Young Communist League. By 1988, however, Vakha understood that a scientific worker had no future in his republic. The revolutionary events in his native land showed that the Chechen Republic is not the best place for business. Vakha and his associates moved to Moscow.

The MMT partnership thoroughly prepared for activity in the Russian market. Much time and energy went into reaching agreements with hunting cooperatives for the supply of raw materials, leasing premises for sewing-shops, and working out technology for fur treatment. Moreover, Vakha managed to invite a first-class designer whose fashion collection rivalled products of the world famous German firm Slupinski at an international exhibition held in Moscow last year. Only after that he decided to organize a system of mass production.

Today MMT makes about 40 fur coats a month, not more than ten of each fashion. "We want every woman who wears our coat to feel with just pride that it is the only one of its kind," Vakha explains.

Though business is obviously paying off, Vakha is not goint to wring as much profit as possible out of it. The motto of his firm, "Quality above all," compels it to lay out big expenditures. As a result, the MMT's profit is not very high – only 10 percent.

tute of Theatrical Art, Igor worked in the Gogol Theatre and tried his hand as a stage manager. Once he decided "to play with his fate" by answering a questionnaire from South Africa. Fortune smiled upon

him. He received an invitation from PACOFS to play in the comedy based on *Chase me, comrade* by British writer Ray Cooney. A prototype of Merkulov's character was Rudolf Nuriev, the first Soviet dancer who fled to the West.

In South Africa, Igor says, theatrical artists live from hand to mouth. But he, as a specifically invited "star," was paid a decent salary.

The Russian actor's play was praised in the press and Igor, elated with success, staged Chekhov's play *The Proposal* at the Blomfontein University. South Africans liked the play, though the Russian theatrical school differs from their own one in many respects. "Stanislavsky's system – the truth of life and improvisation – was unusual for them," Igor recalls. That is why he also worked for some time as a teacher.

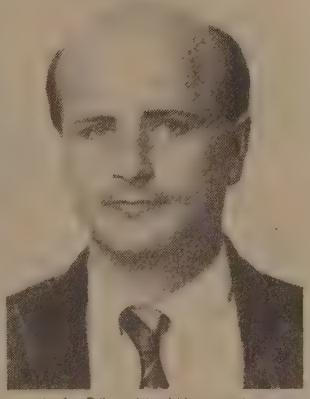
Now, after a six-month absence from Moscow, Igor is gradually getting reaccustomed to Russian realities and is building plans for the future. The most immediate of them is assistance in the shooting of a 26-serial feature TV film, a joint production by South Africa and Russia, about the participation of our compatriots in the Anglo-Boer war of 1899-1902.

* * *

"A clear vision of the aim and a strong desire to achieve it have ensured the success of Novea International in the Soviet Union and later in the Commonwealth of Independent States," says Dr **Evald Evering,** head of the Moscow office of this German firm. These qualities are fully manifest in Mr Evering himself. Though the 36-year-old businessman took up his post only in January this year, he's no novice in the affairs of Germany's largest firm which specializes in organizing industrial, scientific and technical exhibitions abroad.

Doing business in 71 countries, Novea International has devoted special attention to the Eastern neighbour. It is significant that the firm began its activity in the Soviet Union over 30 years ago. Novea International is proud that it is the only foreign exhibition firm which was accredited at the Ministry of Foreign Economic Relations of the USSR. The firm actively and fruitfully cooperates with the joint-stock company Expocentre, ministries and foreign trade associations.

Evald Evering was noticed by Novea International in the mid-1980s, when he was a young assis-



tant of a Düsseldorf University professor. He attracted attention by his purposefulness, persistence in achieving his aims, and profound knowledge of the Soviet scene. He had acquired this kinowledge during his study at the university in which he learned Russian and simultaneously marketing. Evering was invited to the firm where he could use his knowledge and practically contribute to an expansion of business ties, commercial and personal contacts between the two countries.

Novea International made a good choice. The effective work of this new employees, who acted several times as director of specialized exhibitions in the former USSR, impelled the board of the firm to appoint him head of its office in Moscow. In this capacity he was faced with a host of serious problems. Objectively assessing the prospects of his activity, Evald Evering does not conceal that he took up his post in a complex period. The difficulties are mind-boggling, taking into account the hard financial and economic position of the Commonwealth states, the aggravation of the currency problem and financial payments, the imperfection of laws which regulate the activity of foreign companies (some companies have adopted a wait-and-see position, counting on a stabilization of the political situation).

But Evald is full of optimism. He firmly hopes to successfully manage the affairs of Novea International, write a book on the history of fairs in Russia and find time to take off on his skis which he keeps unpacked at home.

From mathematics to politics

Felix Mamikonyan hardly suspected in his youth how drastically his life would change when, it seemed, his scientific career was taking off.

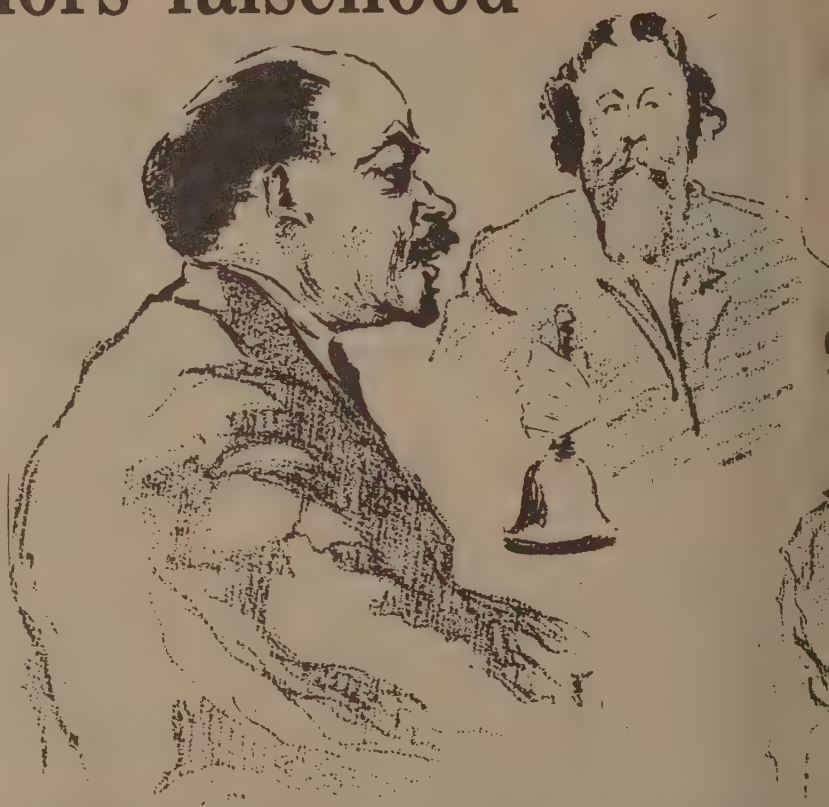
He was born in 1946 in Leninakan (now Gyumri), Armenia, to a family which came from Lowland Karabakh, where their ancestors had lived for several centuries. When Felix was two years old his parents moved to Yerevan, where he finished a Russian school and then was admitted to Yerevan University's Department of Physics in the speciality of mathematical physics. On graduating from the University he taught mathematics in the Physics Department for two years and was then admitted to the postograduate course of the USSR Academy of Sciences' Institute of Mathematics. He then worked for a research institute near Moscow.

In 1978 Mamikonyan returned to Yerevan, where he took interest in the problem of "the modelling of natural and social processes." He did research in several computing centres. In 1985 Felix taught at Yerevan University's Department of Applied Mathematics.

And suddenly his life changed drastically. A scientist became a politician and then a diplomat: In January 1991 Mamikonyan was appointed a permanent representative of the Armenian Republic in the former USSR. From quiet laboratories and scientific libraries he moved to the building well known to indigenous Muscovites – the former Lazarev Institute of Oriental Languages on the Armenian Lane. Many outstanding figures in the field of Armenian science and arts spoke in this ancient mansion. The history of Armenia is Felix Mamikonyan's hobby. But lately he has dropped his hobbies almost completely. Contacts with diplomats, officials of the Russian Foreign Ministry, concern for refugees from Karabakh and other regions of the Commonwealth, the provision of daily necessities for them, the search for jobs, and many other duties leave the young Armenian diplomat no time for outside interests.

Nature abhors falsehood

It turns out that not every portrait of a Bolshevist leader could be made public, especially if it was drawn from life.



It was snowing for a week in Belgrade. It's not the weather for sightseeing, so I gladly accepted an invitation to meet writer and translator Milorad Panic-Surep. With some people a human connection is instant – this happened this time. Panic was more than an entertaining conversationalist and a kind host – he proved to be an enthusiastic collector of folk antiquities.

I was fascinated with old hammered objects, old rifles, ancient books and manuscripts... They appeared one after another from a wooden cradle that are still in use in villages. Every one of them had a history of its own.

My host had one of the best translations of *The Lay of Igor's Host*. He had also collected many of the last letters by fighters for independence from all different periods. I was deeply moved when he took out of the cradle a yellowed album with the title *Proletarian Dictatorship in Russia. Political leaders at the meetings of Soviets of People's, Soldiers' and Peasants' Deputies, the Constituent Assembly, Peasant Congresses, etc., in December 1917 and January 1918 drawn from life by Y. K. Artsibushev*.

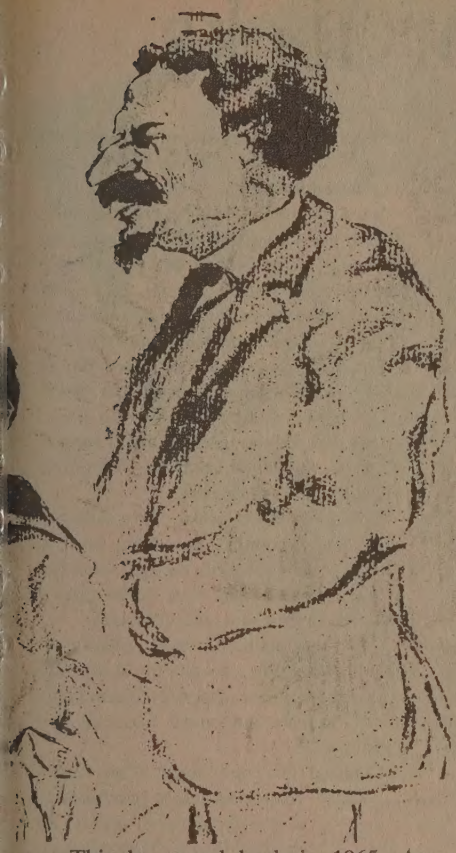
On the very first page there was a large portrait of Lenin – vigorous gesticulation, an animated and alert face engrossed in discussion. Decidedly not a canonical portrait at all!

Further on came Sverdlov, the Supreme Commander Krylenko, Lunacharsky, Nogin; there were portraits of Dybenko, head of the Baltic Fleet, who had dispersed the Constituent Assembly with the historic phrase: "The guard is tired." The realistic drawings brought out character.

Stashkov, a peasant from Smolensk province, a member of the delegation that conducted the first peace talks with Germany: a wide grey beard, an imposing figure, an intelligent and powerful face, penetrating glance... A true Russian folk hero – alas, the name is new to me.

Lieutenant Ilyin (alias Raskolnikov), one of the "October knights" whom Lenin trusted with the most sensitive tasks. The same famous Raskolnikov, a writer and a diplomat, who dared to accuse Stalin of repressions and promoting the cult of his personality in an open letter from Paris.

Every page is a historical and artistic document betraying the author's insight and his position: it is enough to look at Trotsky's portrait; even a cursory glance at anarchist Danov's birdlike face and shoulder-long hair brings to mind Alexei Tolstoy's *The Road to Calvary*. Dybenko's portrait was executed in a different manner: a high brow of a thinker with pensive and sad eyes. A portrait of alert and inspired Menzhinsky attracts attention. At second thought I asked myself: where are Stalin, Dzerzhinsky, Molotov, Kalinin? Obviously, at that time they were still in the shade, their time had not yet come. Other people arrested the public's attention. I have seen the famous Lenin series by Andreyev and every single sketch of Lenin made by Altman. As could be expected, they are more professional, yet the very fact that there is another artist who drew the main figures of the October Revolution from life is significant. When and where did the album appear? Where is it now?



This happened back in 1965. As soon as I was back in Russia, I plunged into investigation – hope alternated with despair. The name of Artsibushev could not be found in any encyclopaedia or handbook. The Lenin Library that has everything ever published seemed to lack Artsybushev's album. Probably it was kept in a special department but nobody was willing to tell me this. I inquired at the Institute of Marxism-Leninism and the All-Union Book Chamber to get a disconcerting answer: "The album was destroyed; the only copy might have survived in Leningrad, in the Saltykov-Shchedrin Public Library." On the very next day another blow came: a telegram from my colleague said: "No, there is only a document saying that the album should be removed."

What about the artist? Was he the man who contributed to the magazine *Time?* No, this was another man called Artsibashev – mine was Artsibushev. Little by little I got to the truth. Where the encyclopaedias keep silence people speak. Artist Yury Artsibushev turned out to be the editor of the famous satirical journal *Zritel* (Spectator) that appeared in 1905.

He started it when still a young man of 27. He spent almost a year in preparation and then waged a bitter struggle against censorship. Practically every issue invited a wave of denunciation.

General Trepov, a police general, who was Deputy Minister of the Interior and who left a bad reputation for himself for his notorious "Spare no cartridges," wrote: "... there is no doubt that this publication is pursuing anti-government propaganda and fanning revolutionary sentiments among the people."

Bulygin, Minister of the Interior, asked the Senate to ban the magazine. Artsibushev was brought to court – the prospect was ten years of imprisonment in the Peter and Paul fortress. The public and the famous lawyer Koni saved him.

His sister, Olga, showed me a portrait of their father painted by Vrubel and of their mother by Repin. I managed to extract some other facts about his life from what his daughter Galina had to say. I was told that the saddest thing in his life had been his love for his wife Maria, in her time a well-known ballerina. He had fallen victim to this love when she persuaded him to set up a troupe and follow her everywhere.

In 1919, they were allowed to tour Europe and Africa for several years. When their passports expired, Maria decided to stay in Paris. It was in 1947, after the Second World War, that the family came back to the Soviet Union and settled in Tbilisi (Georgia). Yuri became a stage designer at the Tbilisi Opera House, while his wife became a balletmaster.

By that time the album had been already removed from all public libraries because it contained portraits of victims of Stalin's repressions. Back in 1918, Yury Artsibushev illustrated his impartiality with lines from Pushkin's *Boris Godunov:*

Like some state Minister grown gray in office,
Calmly alike he contemplates the just
And guilty, with indifference he hears
Evil and good, and knows not wrath nor pity.

This objectiveness was cruelly punished: in 1951, the Artsibushevs were exiled in Kazakhstan where the artist died near the town of Pakhta-Aral.

Ilya Khutsishvili, a Georgian correspondent of *Komsomolskaya Pravda,* where I worked at that time, found lists of Artsibushev's confiscated property that mentioned two suitcases with letters and drawings. Probably they contained the album and the originals; there may be a lot of other interesting series.

At that time my notes about the album were not published – today I make them public in the hope that the confiscated suitcases will be released.

Anatoly Ivashchenko
BELGRADE-MOSCOW

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The issue of door locks

The need for a door lock was a big headache for me recently. Suddenly it misfunctioned. Thus I would come home, slip in the key, but it wouldn't turn. Can you imagine how horrid one feels, when standing on the landing in front of the door unable to get in? The first time that happened, I put my attache case on the floor and gingerly turned the key. It did but only halfway. I tried to recall whether I had done anything wrong that morning, but couldn't for the life of me remember: I'd locked the door as usual.

The following day the key wouldn't turn again. Again I put my attache case on the landing and again gingerly turned the key. I realized I had to keep my cool and not press, as otherwise I would break the key.

The next day after the key wouldn't turn at all. I pressed on the door and pulled at it simultaneously turning the key. I swore that as soon as I entered, if at all, I would repair the lock – I would take it apart to see how it worked. Presto! – the key turned.

Now let me tell you that I have not the slightest notion of how to repair a lock, or how it works. Grateful for the key having turned, when I swore in desperation I would repair the lock, I decided to call in an expert and on the morrow took myself off to a locksmith at Nikitskiye Vorota.

There I told the young attendant everything, how the lock clicked when I turned the key left and how it clicked when I turned it right.

"Where's your lock?" he asked.

"Back home."

"Bring it here.I can't tell you what's wrong if I don't see it," he noted self-assuredly.

I impressed upon him that the lock was in the door, that there was no other lock, that I wouldn't be able to lock my flat if I took it out.

"Couldn't you come with me?" I begged.

With a condescending glance, he observed:

"What, afraid to leave the apartment door open? Then what shall I do with this shop? Spend all day long trotting around repairing locks? We don't do that."

I came home completely out of sorts. Not only the lock was responsible. There General Lebed had uttered threats, Rutskoi had for some reason taken himself off to Spain, while Gorbachev had declared that the independent states should unite. To cap it all, I still had the lock to deal with.

I stood there in front of the door and said to myself that if it wouldn't open at the first go I'd break the door down. Indeed, had not General Lebed issued his threats, had Gorbachev rather relaxed in the comfort of his privileged country house, had not Rutskoi gone to Spain and had not Khasbulatov sought to strangle the progressive *Izvestia,* I wouldn't have felt so down at heart at the locked door. But in life it's one thing after another. The lock evidently had the same idea and didn't open.

I tried to understand it, to fathom its design, wondering why the key wouldn't turn. What complicated invention of the human genius! I discerned that from the key with its original cut. Note that I'd tried to understand the lock the night before, and spent it sleepless having a dire premonition of what morrow would bring, when I would again find myself locked out.

It was the limit. There was nothing left to life but the door lock to whose secrets I simply hadn't a clue. Somehow I pulled myself together and started turning the key this way and that. True, I'd forgotten which way to turn it to open and which way to lock.

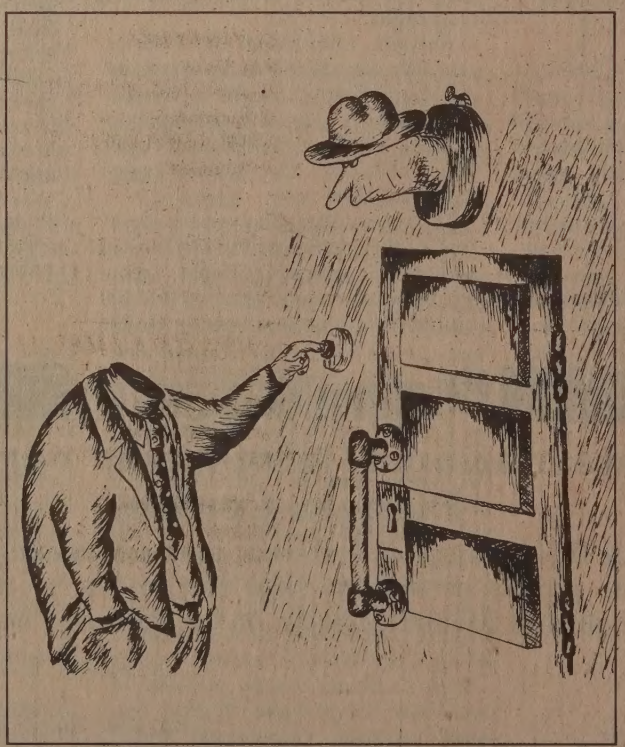
I didn't break down the door though. Now I had no more compassion for the key. Let it break, dammit! However it proved firmer than I'd thought. Though I sprained my wrist, the key didn't bend. Then lo and behold! – the door opened.

Inside I gobbled down every sedative I could find. I couldn't do a thing, not even watch the telly. My sole thought was where to track down a chap who would agree to come and repair that god-awful lock.

I lay there unable to move. Eventually I dozed away. When I woke up, it was night outside with a lilac suspended moon high in the sky in front of my nose. Suddenly I had a brain wave.

I hunted up a small bottle of machine oil that I had earlier purchased for a purely nominal price, and greased the lock from afore and behind, in short everywhere. I even oiled the key, which was really not necessary. The lock now turned at the gentlest touch.

How nice life was now. I realized that were I in General Lebed's place, I would have also said something about the war as that would be my job without which I was nothing. That where I in Rutskoi's shoes I would have also emplaned for Spain, firstly because it was summer, secondly because another putsch was anticipated in Moscow, and thirdly, I'd have agriculture on my back. Finally, where I in Gorbachev's place, I would have definitely discussed the creation of a union of independent states, because there's not the slightest difference between a union and a commonwealth. All that's of significance here is who first comes up with something new.



Drawing by Marat Tairov

Vyacheslav Baskov

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to restaurant
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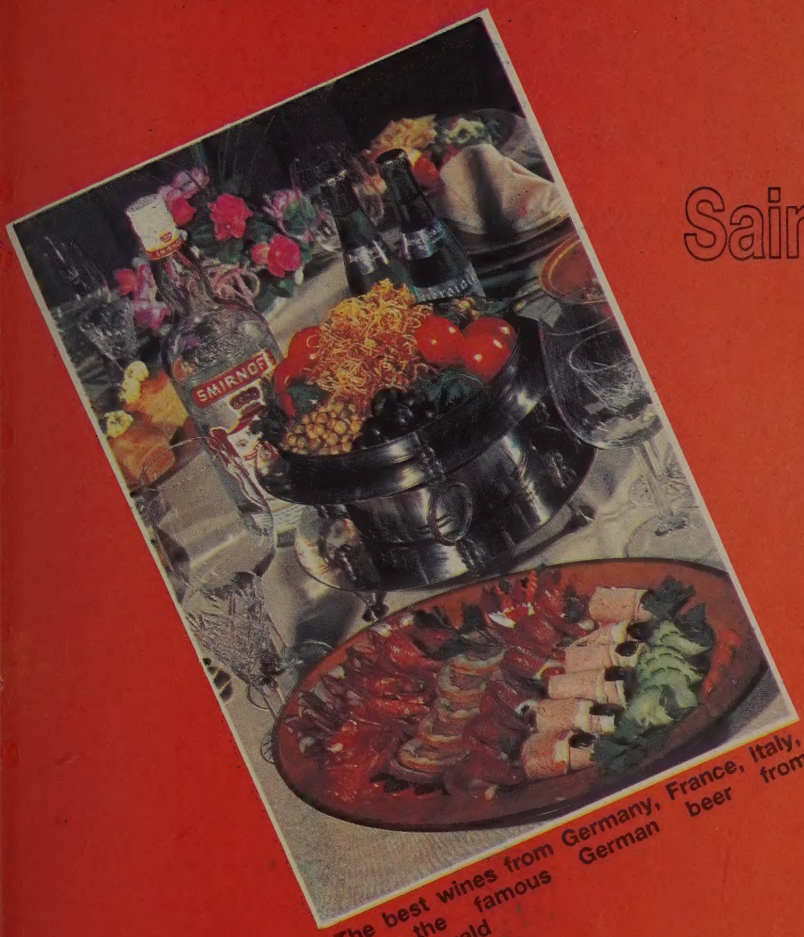

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